

Review of INTERNATIONAL AFFAIRS

114

<i>Edvard KARDELJ</i>	CONTEMPORARY YUGOSLAVIA
<i>Milentije POPOVIĆ</i>	SOCIALIST DEMOCRACY AND PLANNING
<i>Aleš BEBLER</i>	CO-OPERATION BETWEEN INDIA AND YUGOSLAVIA
<i>Vladimir SIMIĆ</i>	A YEAR'S WORK OF THE FEDERAL ASSEMBLY
<i>Milan BARTOŠ</i>	RELATIONS BETWEEN AUSTRIA AND YUGOSLAVIA
<i>Khin Maung GALE</i>	BURMA'S PLACE IN THE WORLD TODAY
<i>F. K. GÖKAY</i>	TURKO-YUGOSLAV FRIENDSHIP
<i>Stane PAVLIČ</i>	ECONOMIC COOPERATION WITH ITALY
<i>Milun IVANOVIĆ</i>	AGRICULTURE IN 1954
<i>Aleksa ČELEBONVIĆ</i>	YUGOSLAV ENGRAVING IN 1954

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Edited by:
THE EDITORIAL BOARD

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Published by
THE FEDERATION OF YUGOSLAV JOURNALISTS

CONTENTS:

CONTEMPORARY YUGOSLAVIA — Edvard Kardelj — — — —	1
SOCIALIST DEMOCRACY AND PLANNING — Milentije Popović —	3
COOPERATION BETWEEN INDIA AND YUGOSLAVIA AND ITS PROSPECTS — dr Aleš Bebler — — — —	5
BURMA'S PLACE IN THE WORLD TODAY — Khin Maung Gale —	6
JOINT DECLARATION TITO — NEHRU — — — —	7
THE BREAKING OFF OF THE BONN NEGOTIATIONS — Stojan Petrović — — — —	9
TURKO—YUGOSLAV FRIENDSHIP — F. K. Gökay — — — —	10
NORMALIZATION OF LEGAL RELATIONS BETWEEN YUGOSLA- VIA AND AUSTRIA — dr Milan Bartoš — — — —	11
THE ECONOMIC COOPERATION BETWEEN ITALY AND YUGO- SLAVIA — dr Stane Pavlič — — — —	12
A YEAR'S WORK OF THE FEDERAL PEOPLE'S ASSEMBLY — Vla- dimir Simić — — — —	15
A NEW PHASE IN THE DEVELOPMENT OF THE SOCIAL INSU- RANCE SYSTEM — ing. Gustav Vlahov — — — —	16
AGRICULTURE IN 1954 — Milun Ivanović — — — —	17
YUGOSLAV ENGRAVING IN 1954 — Aleksa Čelebonović — — —	19
OBSERVATIONS ON YUGOSLAVIA — Fred Warner Neal — — —	20
THE POLICY OF PREPAREDNESS AND ECONOMIC COORDINATION — L. Erven — — — —	21

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Contemporary Yugoslavia*

BY EDVARD KARDELJ

VICE-PRESIDENT OF THE FEDERAL EXECUTIVE COUNCIL

TWO cardinal historical tasks today dominate the efforts and entire internal social life of contemporary Yugoslavia.

The first task is mainly concentrated towards the achievement of the following objective: raise the country from its backward state and create the indispensable economic basis without which the improvement of the living conditions of the working people, particularly the further development of socialist forms of social life cannot be imagined. This task is far from easy especially for a country which desires to remain independent and which must therefore primarily rely on its resources. Everyone who followed the post-war development of the Yugoslav international position can understand very well the difficulties encountered by the Yugoslav peoples in these efforts particularly in view of the fact that parallel with her economic development Yugoslavia was obliged to invest vast resources for the strengthening of her national defences without which she would have been unable to resist external pressure. These endeavours necessitated immense material sacrifices by our working people, and also influenced political life. However it was impossible to abandon this aim, as this would mean renouncing the endeavours to bring about the basic conditions which would ensure a better life of our working people and a more rapid rate of internal economic and social progress in general, and the cessation of the efforts made to preserve the independent position of Yugoslavia in international cooperation based on equal rights.

The years of these great efforts yielded appreciable results which already constitute a solid starting point for the further economic and political development of Yugoslavia. It will not be superfluous to mention several figures on this occasion, and thus give a brief comparative survey of the conditions under which the contemporary Yugoslavia was born and those under which we are living today.

Pre-war Yugoslavia was one of the most backward countries in Europe. Although disposing with comparatively large power resources, particularly water power, production of electric power before the war amounted to a mere 70 KWh per capita. However already in 1953, 175 KWh were generated per capita, while rising to over 200 KWh during the first nine months this year.

Steel production increased from the pre-war level of 231,000 tons to 515,000 tons in 1953, while average monthly output this year was 15% higher than last year.

In the pre-war period the Yugoslav requirements in certain articles as for instance coke, dynamo machine, electric motors, transformers etc. were covered entirely by imports. At present, in spite of the fact that these requirements are several times higher than before the war, home production satisfies a notable part of this increased demand. Thus coke consumption was more than doubled,

but the domestic coking plants already satisfy 55% of current requirements. Demand for transformers is fifteen times higher than before the war, while 54% are supplied by our home industry. Demand for dynamo machines and electric motors increased 4.5 times, 74% of the present requirements being covered by the home industry.

While 84 tons of wood and metal working machinery were produced in Yugoslavia in 1939, 2400 tons of such machinery were produced in 1953. Production of agricultural machinery amounted to 1,800 tons in 1939, while rising to 8,840 tons in 1953. Output of various machinery and appliances amounted to approximately 5,000 tons in 1939, while exceeding 24,000 tons in 1953.

The development of industry has also been reflected in the changed structure of exports and imports. In the 1935/1939 period finished products accounted for a mere 4.8% of aggregate exports. In 1953 however this percent rose to 16.7, while advancing to 19% during the first half of this year. Although large quantities of machinery and other equipment must be imported due to the rapid pace of industrialisation, the share of finished products in imports dropped from 54% in 1939 to 44% in 1953.

The progress achieved in industrial production naturally exerted a notable influence on the social structure of the population. While agricultural population accounted for 75% of total inhabitants in pre-war Yugoslavia, rural population dropped to 61% in 1953. This change of structure again resulted in greater stability of political relations.

Needless to say, the figures I have cited are still low when compared to those of the economically more developed countries; nonetheless they mean much for Yugoslav internal development and the material status of our working people. These results primarily guarantee us that the efforts for the further development of Yugoslav producer forces will no longer exert such a heavy pressure on the living conditions of the people as was the case so far, and thus enable a normal rate of growth both in investment construction and the improvement of the standard of living of the working people. Second, these results will also enable a more rapid development of a democratic political mechanism which will correspond to the specific socio-economic foundations on which contemporary Yugoslavia is being built. And last, the successes achieved provide a more stable material basis for our foreign policy, namely they will enable Yugoslavia to take an even more active part in the efforts for the preservation of world peace and the ensuring of such democratic relations which would enable closer mutual cooperation and rapprochement. In

* This article by Edvard Kardelj was published on Jan. 9 this year in the Delhi and Calcutta edition of the "Hindustan Standard".

this connexion we can affirm today without exaggerating that Yugoslavia is currently undergoing a phase of intensive internal development.

The second task which confronts contemporary Yugoslavia is the creation of such a democratic political system which will, as I have mentioned already, correspond to the socio-economic conditions under which socialist Yugoslavia is developing today, or to be more precise, which will organically derive from them. The revolution wrought radical changes in the economic relations in Yugoslavia. It should primarily be borne in mind that the revolution has socialised the basic means of production, except those which serve for individual labour. It is completely clear that such a vital social change must inevitably affect the character and forms of the political system and the further development of democracy.

Those who think that it is possible simply to transpose forms of classical western democracy mechanically under such economic relations are deeply mistaken. Every democracy has its roots in the economic relations of its period, that is, every „political“ democracy is primarily also an „economic“ democracy. This applies both to the primitive forms of tribal democracy, the patriarchal democracy of the communes in the early feudalist period, the western democracy based on private ownership of the means of production, as well as for the democratic forms which will develop from the economic relations based on socialised means of production. Further social development will doubtless also bring about a certain gradual transformation of the political mechanism of western democracy in accordance with the changes which take place in economic relations. It is all the more clear, that in a country where the means of production have been socialised by an act of the revolution, the democratic mechanism must derive from the new conditions which were created by the revolution, or else society will either retard its own development, revert to the old pre-revolutionary forms or stagnate.

Consequently the question on what principles the systems of management over the social means of production will be based is of paramount importance for the further development of the democratic social mechanism under our conditions. In our opinion, the socialisation of these means cannot mean their handing over to the exclusive management of the bureaucratic apparatus. Experience has shown that such a practice must soon result not only in a monopoly of the state and all its disadvantages, — lack of individual initiative, stagnation of labour productivity and over all economic stagnation but also the tendency towards the establishment of political despotism by an absolute government authority.

This is not the road of contemporary Yugoslavia. The conception that the socialisation of means of production must mark the liberation of labour, namely that every man who works with these means should take conscious and responsible part in their management, this participation not being merely a formal political right of the individual in the sense of classical western democracy, as it should also be stimulated by his economic and moral interest, represents the starting point in the promotion of the Yugoslav democratic political system. Consequently the individual working man should be able to develop his initiative as freely as possible both as regards the efficiency of his own work with the social means of production, and the efficiency of the collective management over these means while both initiatives should have a direct bearing upon the satisfaction of his own material and moral interests, needless to say, in accordance with the interest of the social community as a community of producers enjoying equal rights, in which each gives according to his ability and receives according to his work. In other words the socialisation of the means of production cannot convert a man into a hired labourer of the state, but should make him an independent creative worker and master of his own fate in a democratic community with the other toilers.

In view of all these considerations, a specific mechanism of direct democracy based on several elementary factors of social self-government as the basis of the entire political system corresponds better to our conditions than the forms of the classic western indirect democracy based on political parties. There are three basic factors of democratic self-government.

The first are the democratically elected Workers' Councils in enterprises of all economic branches as organs of democratic self-management of toilers in economy which are based on socialised means of production. These organs govern the enterprises on a basis of economic independence, of course, within the framework of the existing ge-

neral regulations, laws and economic plan. In a certain sense different types of cooperatives play a similar role in rural areas.

Communes as self-governing social communities on the territory of administrative municipalities, i. e. districts, which are primarily entrusted with the task of coordinating the individual and collective interests of the citizens, namely the social community represent the second factor. As the functions and rights of communes are extremely extensive, the communes constitute the most suitable mechanism for enlisting the direct participation of citizens in social government.

Autonomous, vertically connected social organisations as for instance associations of enterprises of individual branches, economic chambers, the social insurance system etc., represent the third factor to which the citizens concerned or their organisations send their representatives and thus attend to and deal with certain matters of common interest. At the same time this very system of self-government enables society as a whole, in a corresponding manner, to ensure the fulfilment of specific social functions, which must necessarily be centralised. It is less possible than ever before to divide modern society into „self sufficient“ local communities which would not be linked up in an integrated social organism with a whole series of central social functions. However, the mechanism of vertical selfgoverning systems enables a large and increasing number of these central functions to be carried out in a direct democratic manner, i. e. on the basis of self-government, and not exclusively through the state administrative apparatus.

These three factors, in fact constitute the basic nuclei of the mechanism of direct democracy which have now entered upon their initial stage of development. All other government and social organs will develop from them and adjust themselves to them to an ever greater extent culminating with the central organs of the Federation, which have already transferred many of their functions to various local and central organs of social selfgovernment, while retaining primarily those tasks which relate to the ensuring of a homogeneous system, the coordination and orientation of economic development in the purpose of avoiding dislocations, stagnation and other economic losses, the orientation of the development of producer forces, and fulfilment of various political functions which can only be carried out by the central authority. The function of these basic factors in our system of socialised means of production, namely the mobilisation of citizens towards active participation in the government of the state and society, is carried out in the system of the management of the state and society, classical western democracy based on private ownership by the political parties, the difference being in that the socialisation of means of production not only enables but also categorically demands a broader and more direct role of the individual in current social government.

Needless to say, only the first few steps have been made towards the creation of such a mechanism. I do not affirm that the objective described above has been achieved in our country. It is true that our political system has made notable headway in this direction, but it is still a combination of various progressive and retrogressive elements, notable successes and remains of old systems and relations. All this also influences our internal social life. Moreover, everyone knows that even the most ideal scheme cannot be realised only by the will of its author regardless of the material conditions. We are aware that the mechanism of socialist democracy can be gradually developed only by persistent material and spiritual struggle. We are doing all that is possible under the present conditions, and maintain the charted course, knowing at the same time that every further success scored in this task will not only enable but render further progress imperative. Moreover, the tasks set are of such magnitude that their fulfilment cannot be a matter of only one generation. It is essential that we should carry out the most important and decisive part today. Practice will certainly also rectify the objectives mentioned above to a certain extent, but one thing is unquestionable in our opinion: that the system of workers' councils, communes and autonomous social associations, often referred to as the mechanism of economic democracy will exert a decisive influence on the transformation of the entire political mechanism towards the further expansion and strengthening of democracy. We therefore consider the promotion of these factors our principal task today.

Contemporary Yugoslavia is completely absorbed by the fulfilment of these historical tasks. They at the same time represent the starting point of her foreign policy.

Yugoslavia is not in favour of securing peace by means of dividing the world into static antagonistic blocs. In this respect we adhere to the principle of collective security as formulated by the United Nations Charter. We are, of course, aware that when threatened by imminent aggression the peoples are entitled to and should collectively oppose such a danger also by the regional integration of their defence efforts. However, at the moment we consider that maximum efforts should be devoted to strengthen the tendency towards the easing of international tension and peaceful negotiation between peoples, namely refrain from any action which might impede the further development of this tendency which is obvious throughout the world.

Contemporary Yugoslavia considers also that the principle of non-interference in the internal affairs of a country is also an indispensable condition of coexistence among countries with different social systems. We consider that there is no social system in the world today which would, either in the name of progress or democracy, — have the right to be forcibly imposed upon other peoples. The present time marks a typical period of transition between two social aspects, between an old form which we renounce and a new one which we still do not know and understand completely. Only peaceful coexistence among systems which are being created in this vast international effervescence and the mutual influence of their positive experiences can ensure mankind the quickest possible way to progress. For this reason we consider that a policy of coexistence is not only an indispensable condition for the preservation of peace but also for ensuring of progress of mankind in general.

Yugoslavia considers the efforts directed towards the securing of independence and equal rights for all peoples in international cooperation as an integral part of this policy. For this reason Yugoslavia welcomed the day when India and Burma acquired their independence, not only as a great day for these peoples, but also a major contribution to the progress of mankind. Therefore Yugoslavia will continue to extend her support to the aspirations of all peoples which strive towards genuine independence, i.e. such an independence which will not merely serve as a pretext for substituting one domination by another, but which will represent a genuine contribution to the establishment of democratic relations among peoples regardless of differences in their social systems.

The visit of the Yugoslav President to India and Burma is a symbolical and practical expression of such a policy. The sincere friendship and great similarity, not to say identity of views on contemporary international problems which characterise the relations of Yugoslavia both with India and Burma acquired their independence, not only systems, are the best proof of the results yielded by a consistently independent policy of coexistence and active peace-loving international cooperation.

The peoples of Yugoslavia who welcome and follow the trip of their President to friendly India and Burma with the greatest attention, are deeply convinced that this visit will consolidate the sincere friendship and cooperation of Yugoslavia, India and Burma still further, not only to the benefit of the peoples of these three countries, but also world peace in general.



SOCIALIST DEMOCRACY AND PLANNING*

By Milentije Popović

PRESIDENT OF THE COMMITTEE FOR ECONOMY OF THE FEDERAL PEOPLE'S ASSEMBLY

DURING the past thirty years, and especially since the Second World War, there has been a general manifestation in the world, as a rule and trend towards the centralization of economic forces (and economic authorities) within national economies and in different independent countries. The same manifestation is evident on a world scale. The economic forces are increasingly being centralized and concentrated in the hands of the State and its administration (by nationalization, income-tax, credit and other systems), the result being, also as a rule and trend, another manifestation characteristic of present-day social development: the concentration of economic and political power in the hands of the State and its administration, thanks to the centralization of economic power. The unimpeded movement of the economic forces of society, and the free enterprise characteristic of capitalistic development, which was the foundation of democracy and freedoms (in as much as bourgeois society was able to grant them) are less and less feasible, and less the ideal of modern society. Parallel with this, the further concentration of economic and political power stifles freedom and ends, or threatens to end, by bureaucratizing social life, and by setting up a system of society in which the State administration will dominate the economic and, consequently, the political life of the country.

In accordance with the assumption of economic functions by the State, all countries have adopted economic planning on a national scale, for this is the logical way to manage economic affairs and, moreover, the only possible way to do so today. The plan has become the embodiment of economic power of the State and its organs, the form in which it exercises its power. This fact, on the other hand, presents the whole problem as follows:

Economic systems (and thus also social systems) differ, not according to whether their economies are planned or not, but according to who does the planning, what he plans and in what manner. The answer to this question also supplies to a great extent the answer to the question as to what is the prevalent type of social system in a given country: is it a democratic system, and will democracy develop, or will the system proceed towards the greater power of bureaucracy?

The centralization and concentration of economic and political power in the hands of the State bureaucracy is proceeding in every country, both in the countries known as dictatorships, and in those known as parliamentary democracies. There is, however, a difference between them. In the dictatorships, particularly in the Cominform type, bureaucracy has more or less gained the upper hand. While in the states with a parliamentary democracy, bureaucracy is carried on within and through parliamentary procedure, so that democratic forms of life are preserved temporarily; but the danger from bureaucracy and the suppression of freedoms is not completely avoided. Tendencies of this kind are evident even in countries like Britain and the United States, which have the longest traditions of democracy.

In view of the foregoing, one of the fundamental questions of contemporary development concerning all countries, both the economically advanced and the backward, is how to organize the economic system, and how to regulate the economic life of the nation. The main problem is to organize the economy in such a way as to free it of any danger of bringing about centralization and bureaucracy of its own

* This article by Milentije Popović was published on Nov. 22, 1954 in the „Hindustan Standard“.

accord, and to make, instead, for freedom of economic life and growing democracy, lest the material prosperity of society should inevitably result in centralization of economic and political power. This problem is especially important to those nations which have nationalized an essential part of their industry, and to those proceeding in this direction, in which the progressive interests of the nation will require continually to increase public ownership in the economy.

The problem has both an economic and a political side. The economic side consists in how to found an open market in an economy more or less nationalized, such economic relations in which the material forces of society, the economy, will develop as freely as possible, according to laws characteristic of its nature, in which the State bureaucracy will be deprived of economic power. Furthermore it must be decided, how, in an economy devoid of private capitalistic enterprises, which will be able freely to plan its affairs, to do business through the market, in keeping with its interests, while at the same time the unity of economic life and the economy of the nation are preserved. One of the fundamental requirements both of progress and of democracy today is to organize a „free enterprise“, an enterprise which is not the property of the capitalist, and a free economy which is not capitalistic.

In Yugoslavia we have solved the problem in the following way: every enterprise must pay depreciation against its profits and set up a fund for maintenance, reconstruction and similar purposes. Depreciation consists of a percentage against the value of the fixed assets invested in the undertaking, which is determined by the Federal Assembly in accordance with the longevity of the different fixed assets. The total value both of the assets invested in the undertaking and of the fixed assets and depreciation fund must be preserved, because the property of the enterprise is social property, and whoever is in charge of it must see that it is safeguarded.

Every enterprise is liable to payment of interest on the value of the assets invested, which is deductible from its profits. The rate of interest is determined by the Federal Assembly, its aggregate being credited to a general fund which is placed at the disposal of all the economic and social organizations for economic re-investment purposes, through a central National Bank, by way of loans. By way of this fund the Federal Assembly determines the basic volume of investment funds in the economy, which insures the fundamental rate of economic development and its course.

Besides this, the enterprise is liable to a tax on profit, if its operational conditions are such as to justify profit and turnover tax, if the economic branch to which the enterprise belongs is in such a position on the market as to achieve prices justifying a turn-over tax in that branch as a regulator of supply and demand. The decision on these taxes is also adopted by the Federal Assembly, the means being credited either to the investment fund or to the budget for national defence and maintenance of the central administration.

It is necessary to emphasize that the mentioned decisions are adopted by the Federal Assembly, that, in essence, they determine the general volume of economic activity in the course of the year and establish the conditions of affairs on the market. Within these bounds the market is free and the enterprises move freely within it, take decisions adopt plans independently and independently determine the prices at which they buy and sell.

After the enterprise meets the mentioned contingencies, there possibly remains an income. It is important to understand how the wages of the workers and other employees are determined, and who determines them. The fundamental principle is that the wages to which the workers of an enterprise are entitled, as a whole or for the most part, are a function of the income. The pay fund is greater in as much as the business of the enterprise develops favourably. By making the pay fund conditional on the income, an enterprise may be given complete commercial independence, without any danger of being responsible for the economy as a whole, and for the productivity of labour. The wages of the workers are determined by the enter-

prise itself, in accordance with the pay regulations which it adopts for each work bench. In this way each worker receives an incentive to earn as much as possible at his work bench, and, as a unit of the working body, he is encouraged to accumulate the highest aggregate payment.

What percentage of the income may be paid in salaries is decided by the community assembly. It also decides how the remainder of the income is to be distributed, and for what object it is to be employed: for capital expenditure in communal expenditures, for social welfare in the commune, for health, education, cultural requirements, etc. This means that the local organ of government appears as one of the fundamental links in the economic chain of the whole country, for it determines the pay level in the enterprise, the capital-expenditure policy, and all other fields of communal life. This local territorial unity is known as a commune. The commune is interested in advancing its basis of production and in expanding all its general services (health, social service, education etc.) on the one hand, and concerns itself with the pay and standard of living of the people, the workers, the producers on its territory, on the other. In other words, it thus qualifies to decide on extremely important matters in the economic process, to receive complete economic and financial autonomy. And within the compass of these powers, each enterprise is certain of the necessary economic and legal freedom of operation in the market. In this way we come to free enterprise again.

The answer to the question as to who the planning is: The Federal Assembly, the communal assembly and the organs of management in each enterprise, each of the mentioned bodies being independent within the scope of the powers granted to it by the basic law concerning the economic system. These powers are adopted by the Federal Assembly for the whole country.

Which are the organs in the enterprise. The workers' council, the managing board and the director. They are all elective. The workers' council is elected by secret vote by all the workers in the enterprise. It adopts the fundamental decisions in the planning of the enterprise: the annual plan of volume and type of production, the volume of capital expenditure in the enterprise, the amount of liabilities the enterprise may incur, the general level of prices at which it will make its purchases and sales, etc. The managing board is elected by the workers' council to manage the enterprise in the name of the workers' council. It adopts minor economic decisions within the structure of the plan which is adopted by the workers' council. The director is elected at a meeting which is called by a commission composed of the workers' council and an organ of the commune. He is the operational head of the enterprise, and is bound to abide by the law regulations of the Federal Assembly on the one hand, and to the decisions of the workers' council and managing board on the other.

The organ of the commune is the communal assembly, composed of two chambers: one chamber is the people's committee, elected at general secret elections; the other chamber is the council of the producers, elected by secret vote only by the producers, the workers directly engaged in production. Both chambers have equal rights in adopting economic decisions. The Federal Assembly also consists of two chambers, which have equal rights. This, in fact, supplies the answer to the social and political side of the question. Economic life evolves in accordance with the economic regulations adopted by the elective organs of the working people themselves, of the producers, starting with the enterprise and ending with the Federal Assembly. Within the framework of these decisions, both the enterprises and the communes are independent. The other side of the question is the open market, on which prices form according to supply and demand. The council and its elected organs thus have been substituted for the supremacy of the director. The local organs are no longer only branch offices with a minimum of powers of independent action, but elective organs which decide on essential economic, social, educational questions on the territory of the commune.

Such is the system in which economic and political democracy are being accomplished in the person of the organ of self-government in which the working people directly manage both economic and other affairs.



COOPERATION BETWEEN INDIA AND YUGOSLAVIA AND ITS PROSPECTS*

By Aleš Bebler

STATE UNDER-SECRETARY FOR FOREIGN AFFAIRS

THERE are great similarities between India and Yugoslavia. Both were enslaved for centuries and it was only in this century that their efforts and struggles have borne the fruit of political independence. Because of such a history both are economically backward countries, as their political dependence placed them in the past among the raw material bases and markets for countries which developed freely and have developed into advanced and industrial countries. Upon attaining their political independence, both of them had to face similar problems: to preserve this independence in a world in which the large and rich countries dominate, and to find in such a world their „Place under the Sun” also as regards economy, i. e., to make up for lost time and to develop their economy at a hurried pace.

Because of these profound similarities in their history and present, the differences in the circumstances both within and around them could not bring about a difference in the views on the basic problems of the present political reality. Therefore, the two countries have taken so very similar positions as regards the present world problems, in spite of the difference of their size and the geographical distance, in spite of the difference in the degree of social development and national traditions.

Naturally, the geographical distance which I have just mentioned and the relative weakness of both countries were and, to a certain degree, continue to be obstacles in the way of everyday practical co-operation in the solving of current problems of foreign policy of the two countries.

However, the above-mentioned similarities have brought about a considerable scope of co-operation on the general, world plan. Contacts and actual co-operation have steadily grown in recent years. This is not by accident. The present world is growing ever smaller. The fates of countries, even those of far-away and different countries, are becoming ever more closely linked. In this development, the role of the weaker countries has become ever greater, thanks to their own efforts and the efforts of the democratic forces in the world. At the same time, our two countries, by their successes in their internal development and their consistently peace-loving policy in foreign relations, have progressed so to speak by leaps and bounds, as regards their international prestige and influence. The aforementioned profound affinity between the two nations and two countries has also found its expression: in this reduced world, two especially distinguished states from among the less developed countries have met and started to develop an ever closer contact and practical co-operation.

As early as 1950, i. e., not three full years after the proclamation of the independence of India, the exchange of ambassadors between our two countries took place; in the following years, a number of contacts took place, especially during the sessions of the General Assembly of the United Nations, and in 1952 to 1954 even direct visits, among which one should point out the visit of our Good-Will Mission headed by the Vice-President of the Federal Executive Council, Mr. Rodoljub Čolaković, on the one hand, and the visit of the Vice-President of the Republic of India, Mr. Shri S. Radakrishnan and the then President of the General Assembly of the United Nations, Madame V. L. Pandit, on the other. Through the visit of our President of the Republic, Josip Broz Tito, to the Republic of India,

contact is established between our two countries by means of their highest representatives.

There can be no doubt that the co-operation between our two countries has already brought important results and that these results will be ever more important in the future.

There can be no doubt about this for two basic reasons:

The first of them is the fact that the efforts of both countries on the plan on which co-operation is possible, i. e. on the plan of general world events, are directed at the same basic direction: the strengthening of peace on the basis of the democratic principles of international life, on the basis of non-interference of countries in the internal affairs of others, respect of the independence and equality, opposition to the breaking of the unity of the world into blocs, and the development of regional co-operation in each individual geographic area, with the aim of strengthening peace and the purpose of developing good-neighbourly relations with the neighbour area and, finally, the linking of the interests of all mankind within the framework of the United Nations. Such a common direction permits of a far-going harmonisation of the efforts of our two countries in concrete tasks which are placed before the peace-loving forces of the present world: an easing of the tension between the so-called „East” and the so-called „West”, the decrease in the differences between the developed and undeveloped or underdeveloped countries by promoting world economic co-operation and especially by assistance to undeveloped countries through the United Nations, enhancement of the prestige and role of the United Nations by an ever greater universality and democratisation of this institution.

The second reason which permits the prospect of a greater efficiency in the co-operation between our two countries lies in the fact that in world public opinion the democratic perception of international relations is ever more maturing. In other words: in the world public opinion as a whole, including the public opinion of the greatest nations, the concept of the indispensability of a democratic international system, if one wishes to preserve peace among peoples, is gradually making headway. This may explain why even the most bellicose governments, those which were in the first place responsible for the earlier, more severe phase of the „cold war” (and that was before all the government of the USSR under Stalin), had to abandon such a policy and start on new roads. Such a development of international affairs is an ever more fertile soil for conscious actions of consistently peace-loving elements in the present world, in which should be included, without any doubt and among the first, the governments and peoples of our two countries.

Therefore, the conclusion is permitted that the contact between the leaders of our countries — both of whom are among the most important personalities of our times — will be a meeting of world importance and that it will be exceptionally beneficial not only for our two countries, but for the entire international community as well.

* This article by Aleš Bebler, was published in the Bombay „Indian Express” of Dec. 16-th, and in the Delhi edition of Dec. 17, 1954.

BURMA'S PLACE IN THE WORLD TODAY

By Khin Maung Gale

CHARGÉ D'AFFAIRES OF THE EMBASSY OF THE UNION OF BURMA
IN BELGRADE

THE first major step taken by the Union of Burma in the international field soon after her re-emergence as an independent state was to apply for membership of the United Nations. Fortunately her application ran into none of the snags which were later to keep many of the other deserving states out of the organisation and within a few months of her declaration of independence, Burma became a full-fledged member of the United Nations.

In seeking admission to the United Nations, Burma was actuated solely by the desire to co-operate with the other nations of the world to the end that the objectives and purposes of the Charter should be furthered so that the world might become a happier place for all mankind.

She is interested in the maintenance of peace and security because she has learnt what modern war means from recent bitter experience at first hand. In the relatively short space of three years she was twice fought over through her entire length and breadth. Her people and her economy had suffered so grievously that she needs peace and security to enable them to recover. She has seen how a war that began in Europe had eventually spread to the Far East and engulfed her. She is therefore interested in the maintenance of peace and security the world over.

Burma's foreign policy is based on neutrality and non-involvement in power bloc politics. We do not, however, stop at non-involvement and we do not hesitate to come out openly on an issue when the facts clearly call for such an attitude. Our positive foreign policy is demonstrated by the fact that we have endeavoured our utmost to be on the best of relations with all countries of the world in spite of our non-involvement in any power bloc. We have contributed as best we could towards the establishment of friendly relations between countries and in the promotion of mutually advantageous activities. The active aspect of our neutral policy is apparent from the fact that, while we refuse to associate ourselves with the activities of any power bloc which, in our view, would increase international tensions and lead to a Third World War, we actively participate in all measures which we consider will ease world tension and bring about world peace.

The main consideration which has influenced Burma in the formulation of this policy and the adoption of these foreign relations is our unshakeable belief that war, instead of solving problems, will only lead to further complications. Burma is therefore endeavouring, in collaboration with other neutral countries which share our view of the futility of war, to exert our utmost to prevent another World War.

There have been some who have been critical of Burma's position of non-alignment in the cold war. Burma's position of active neutrality enables her to consider each issue strictly on its merits without being bound by some degree of allegiance to one bloc or another. We therefore feel that our position serves a useful purpose to the cause of world peace. By maintaining friendly relations with all States and aligning ourselves with none, we feel that we, and others who share our view, may eventually serve as some kind of bridge between the two opposing blocs.

We believe that peaceful co-existence and co-operation between countries with different social systems is essential in present world conditions since, against the background of the hydrogen bomb and other modern nuclear weapons of destruction, the only alternative to co-existence is no existence. We feel that the general acceptance of

this basic fact would, in itself, go a long way towards easing international tension.

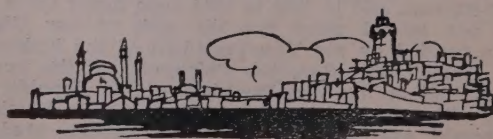
While Burma had won her political freedom, millions of people in other parts of the world still live under colonial domination. Colonialism, as we see it, is the domination of one people by another and since this is a violation of fundamental human rights and a danger to world peace, we condemn it without exception, wherever it may occur and whatever its form. It has been Burma's policy consistently to support the cause of all colonial peoples in their struggle for national freedom.

The existing wide gap in living standards between the highly industrialised and under-developed countries of the world poses a threat to world peace. Our determination to work for the political emancipation of peoples still under colonial rule and for economic and social progress springs from the fact that we realise that progress in these fields is intimately linked with the maintenance of peace and security. While it is true that without peace and security, little or no progress can be made towards orderly self-government or in the economic and social fields, it is equally true that lack of progress in these directions is likely to undermine peace and security.

In the economic and social fields, Burma had emerged economically and socially backward from a hundred years of foreign rule. Having put through a political revolution by winning back our independence, we need to put through an economic and social revolution in order to raise living standards and improve living conditions generally. We in Burma are pledged to socialism. We are working for all round development leading to a Welfare State. We have an eight year programme of economic and social development which engages the attention of every leader and draws on our every resource. Extensive work is being done in the fields of agriculture, industry, health, education, housing and labour.

As a young newly independent nation, Burma has been following with keen interest the efforts which Yugoslavia has made to preserve her political independence and the progress she has achieved in the field of economic and industrial development along Socialist lines. Having similar aims and similar views on most international issues and with mutual understanding and sympathy towards each other's problems, Burma and Yugoslavia have consistently co-operated with each other in the international field.

Burma is looking forward with considerable enthusiasm to the forthcoming visit of President Tito to Burma. The opportunity of top level personal contacts with the President, Prime Minister U Nu and other leaders in Burma, which President Tito's visit will afford, will help to increase mutual understanding and co-operation and contribute still further to the strengthening of Burmese-Yugoslav friendship.



ONE: the President of the Federal People's Republic of Yugoslavia, His Excellency Marshal Josip Broz Tito, was paying a state visit to India in response to an invitation of the Government of India, has spent five days in New Delhi. During this period His Excellency has had several conversations with Jawaharlal Nehru, Prime Minister of India.

Two; these conversations have been informal and friendly in character and have covered in general terms the more basic and pressing aspects of world affairs and, more particularly, those matters of common interest which engage their common and grave concern.

Three; the similarities of historic background and the social and economic conditions of their countries, and the fact that they have emerged as independent nations through powerful movements of national liberation, have endowed their understanding of each other and of their countries with deeper significance and given their friendly relations greater ease and facility.

Four; Yugoslavia and India have devoted their energies both in domestic and international fields for the promotion of peace and methods of negotiation and conciliation as the solvent of international conflicts and problems. They have sought to base their own relations with each other and with the rest of the world on a basis of equality and friendship with all nations.

Five; the President and the Prime Minister desire to proclaim that the policy of non-alignment adopted and pursued by their respective countries is not „neutrality” or „neutralism” and therefore passivity as sometimes alleged, but is an active, positive and constructive policy seeking to lead to a collective peace on which alone collective security can really rest.

Six; They have felt that their countries and governments are not only fully aware of the grim alternative, namely war — in this atomic age — but of the profound truth that wars do not solve problems, but only render them more difficult of solution and, in addition, create new and more stubborn ones.

Seven; Yugoslavia and India live in the awareness that in peace alone their hard-won and cherished independence can be consolidated and endure and give to them and their peoples opportunities of self-development, economic advancement and prosperity and social progress and stability.

Eight; the President and the Prime Minister desire to state as their considered view that the relations of their two countries and governments are and must continue to be based on principles of each other's sovereignty, independence and integrity, of non-aggression, of equality, of mutual respect and non-interference in domestic affairs of each other's or of other countries, and on the promotion, both for themselves and for the world, of the conception and of the conditions of peaceful coexistence. This basic conception should govern international relations and be the foremost element in the policy and work of the United Nations.



JOINT DECLARATION TITO — NEHRU

Nine; It follows, therefore, that the policy of their two countries and their approach to world peace cannot be based upon force or the accumulation of armaments as an instrument either of the negotiations or of the solution of conflicts. The President and the Prime Minister therefore repudiate the erroneous conception which has become prevalent in some quarters of a „third bloc” or „third force” of non-aligned countries. This is a contradiction in terms because such a bloc would involve them in the very system of alignments which they regard as undesirable.

Ten; the President and the Prime Minister are convinced that the principles on which they have agreed for the governance of their mutual relations are capable of wider application. If they were so accepted they would make a substantial contribution to the lowering of world tensions and the resolving of pending conflicts. They will widen the area of peace and diminish the terrible prospect of war, promote greater confidence and open up greater opportunities of world cooperation.

Eleven; the President and the Prime Minister express their willingness and confidence in the friendship of Yugoslavia and India, which is welcomed and acclaimed by their peoples. They will seek to promote and strengthen the economic and cultural relations between their two countries. They recall with satisfaction the understanding and unity of endeavour that prevail between their two countries in the United Nations and elsewhere in the

common cause of peace and humanity, and have decided that these contacts and relationships should be furthered and strengthened.

Twelve; the President and the Prime Minister, believing that the lowering of world tensions is the essential prelude to the development of collective peace, welcome signs of easing of certain tensions in the world which have recently emerged, and at the same time will devote their sincere endeavours to further easing world tensions and to prevent their increase.

Thirteen; the President and the Prime Minister wish to affirm solemnly that the hope of the advance of the peoples of the world and even the survival of civilisation render our acceptance of the necessity of peaceful coexistence not merely as an alternative but as an imperative.

Fourteen; the fact that Yugoslavia and India are pursuing similar general aims constitutes a firm basis for the strengthening of their mutual relations, notwithstanding their geographical distance which separates them, and they are happy to feel that bond of warm friendship and fraternity binds them together.

New Delhi, December 22nd, 1954.

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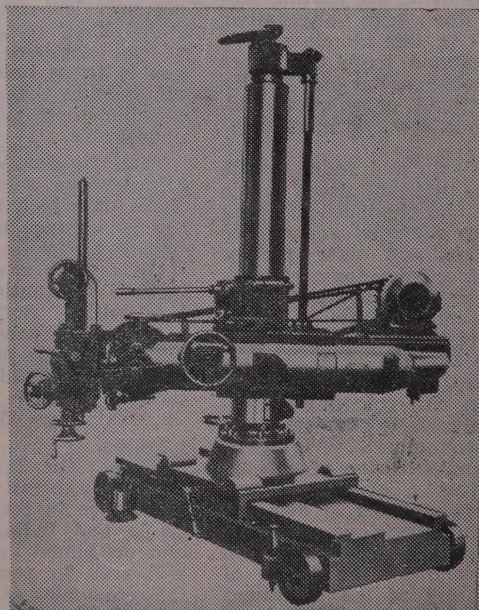
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THE BREAKING OFF OF

THE BONN NEGOTIATIONS

By Stojan Petrović

NEGOTIATIONS were started in Bonn in January between the Yugoslav and West German delegations on the question of Yugoslav claims some of which date from before the war, and some from the war period. Because of the complex nature of this problem and above all owing to the lack of understanding shown by the German delegation for documented and justified Yugoslav claims, the negotiations, which had been postponed once more, were finally broken off a few days ago. Although the press has reported the difficulties which cropped up during the negotiations, the news about the suspension of the talks had a disturbing effect on the wider public, primarily on those directly interested. The breaking off of these talks was noticed and commented also by foreign news agencies and papers.

What was the object of the Bonn negotiations?

It would be difficult to give a quite definite reply to this question. The London Agreement of February 27, 1953 laid down the principles by which both the crediting countries and Western Germany were to be guided in the liquidation of pre-war and war liabilities. It is a fact that these principles, defined by the London agreement, had an unfavourable effect on the crediting countries, especially Yugoslavia, who suffered so much during the war at the hands of Germany. Today it is difficult to understand the significance of a sentence in the London agreement which reads as follows: „The parties to the agreement consider that the clauses of this agreement are reasonable in view of the general situation of Western Germany and also that they are just and satisfactory for the interests in question.” The present very favourable economic situation of Western Germany, which is better than that of any other country in Western Europe, provides the best denial of the fairness and correctness of such a clause.

The analysis of the agreement on German liabilities would require a detailed study, essentially from the standpoint of how far and in what manner this agreement damages the basic interests of Yugoslav economy. Some points will nonetheless emerge even from this brief survey of the Bonn negotiations. The fact that the London agreement safeguarded in the maximum the interests of Western Germany while neglecting the specific interests of our country and specific categories of Yugoslav claims on Western Germany, points to the basic lack of understanding on the German side and to the cause of dissatisfaction on the Yugoslav side. It was rightly expected that the German side would all the more readily bear in mind our basic interests and unhesitatingly recognize at least these minimal claims which were recognized by the London agreement. However, nothing of the kind happened. The German side, by a wide and one-sided interpretation of the clauses of the London agreement, is trying to avoid the meeting of its old obligations or reduce them as much as possible.

The three most important categories of Yugoslav claims are: claims by physical and legal persons, clearing claims from the war period and claims arising from the social insurance of workers and prisoners who were at work in Germany.

Our claims under the heading of physical and legal persons run to a total of 860 million RM. As the London agreement recognized a special rate of exchange for Western Germany — Art. 6 of the Annex IV of the Agreement stipulates that all claims calculated in RM should be converted into DM in keeping with the corresponding

German regulations — this means concretely that 100 RM equals 10 DM for commercial claims, 6,5 DM for banking claims, if the seat of the debtor is outside Berlin, whereas in that case the parity is 100 RM for only 5 DM. The fact that this Yugoslav claim arose through a delivery of goods against payment in Reichsmarks, when the Reichsmark had, as the Germans themselves admit, a greater purchasing power than the DM of today, shows even more sharply to what extent our economy was unfavourably affected by this system of calculating the rate of exchange. The fact that the German side is unwilling to settle fully at least the obligations at this rate, but is trying to defer the liquidation of a part of these till the signing of the Peace Treaty, shows the essence of the difficulties which cropped up during the Bonn negotiations.

It should be pointed out that the figure of 860 million RM, should be greater as our „Office for the Protection of Property in Foreign Countries” has not succeeded in collecting the applications and documents of all the interested persons, a number of which disappeared during the war or directly after the war. The Yugoslav delegation was unable to obtain the German data concerning the applications of German debtors.

Our clearing claims from wartime amount to two billion Reichsmarks. This huge sum which the German economy owes us is at present practically without value. Western Germany refuses all payment under this heading on the basis of certain clauses of the London agreement and the final Paris act on German reparations. These regulations postpone the settlement of the clearing balances from wartime until the conclusion of the peace treaty, when the question of German reparations from current production will be discussed. But these regulations, namely Art. 5 of the London agreement, apply only to clearing balances resulting directly from the wartime. However, a considerable part of the mentioned amount of two billion RM, and certainly the sum of 550 million RM which originates from the so-called Serbian clearing, was created exclusively through the regular export of commodities. But in this respect too, we did not meet with the necessary understanding.

Yugoslav claim based on the social insurance of our workers and prisoners who were at work in Germany, calls for a countervalue of German obligations to pay the pension amounts due to our insured people. Obligations under the heading of insurance were taken over by the Yugoslav social service. Germany is under obligation to pay our social service the value of all these mathematical reserves. Considerable amounts are involved here in view of the fact that several hundred thousand of our workers, mostly brought there under compulsion, worked in Germany for years. One should have expected that Germany would show the greatest understanding for this category of claim, that she would have shown at least some consideration for the sacrifices and sufferings of these workers and prisoners who were made to work under the most difficult conditions. But such is not the case. Here, too, the impossible is demanded — the most detailed documentation without bearing in mind the concrete conditions of that time. Hence the question of the number of workers, the number of years spent at work, the number relating to Western Germany (the London agreement exempts Western Germany from the obligation to meet claims in respect of workers who worked on the territory of today's Eastern

Germany or areas which have been attached to other states) — all these are still disputed questions.

There exist other claims namely from the question of copper restitution, from that of workers' wages and salaries to prisoners of war, from the claims of railways and post-offices, all of which were the subject of these Bonn negotiations. But the most significant by far are the claims under the above-mentioned three headings.

Why is our public opinion so disturbed by the breaking off of these talks?

Nearly ten years have elapsed since the war ended, yet this question, so important for us both from the moral and political and from the material points of view, has not yet been settled. These talks have been going on for almost a year. Our delegation has shown maximum understanding in its efforts to reach a compromise solution, acceptable to both sides. Yugoslavia has given enough proofs, always showing her readiness to make the greatest sacrifices, when the interests of the country, the interests of cooperation and above all the interests of peace, were at stake. The Trieste settlement is only one of these examples. Showing full understanding for the situation of Western Germany, we patiently awaited the moment when she would be able to fulfil her obligations.

While we owe Western Germany more than 60 million dollars under the heading of goods exchange and while we are paying millions of dollars on account of interest alone, Western Germany has become the most important creditor in Western Europe (for over one billion dollars within EPU alone) and is becoming an ever more important creditor of the Near East and South American countries. We consider, quite justifiably, that German economy has long been in a position to meet its obligations and refund, at least a minimum of what served to enrich her unjustly.

Our country, making the greatest sacrifices because of the economic blockade, because of the existing danger of aggression — has used for years 22 per cent and more of its national income for national defence. This not only in its own interests, but also in the interests of Western Europe, including Western Germany, who has not experienced such great sacrifices, as she has no armed forces to maintain. Owing to this situation and due to three successive droughts, etc., Yugoslavia is in serious difficulties as regards her payment balance, and is compelled to ask for a postponement of her financial obligations to fo-

reign countries. At the same time we are unable to realize these considerable amounts which we claim from our creditor.

These claims represent only an insignificant part of the losses which we suffered at the hands of Germany. Our peoples expected that these negotiations would give the Germans an opportunity to make good, at least in a small measure, the devastations caused by the German war machine and the German occupation. Instead, legal formulations are resorted to in the hope of reducing even more what are already minimum obligations. On this occasion we cannot but remember the words of the former President of the French Republic, M. Auriol, who said recently: „Yes, we should forget the past, but the Germans should never forget what they have done to us. Only thus shall we be able to preserve peace". And we would add — only in this way shall we find the path of cooperation and understanding.

Viewed precisely from this standpoint, these talks have a special significance. They will become a practical test for the Germans of present-day Germany, — whether they wished it or not. For our peoples too, these talks mean something more than ordinary financial negotiations. They have a political and moral significance. In this connection we recall the statement made by Professor Erhard, Minister of Economy of Western Germany, during his stay in Yugoslavia a month ago: „It is unconditionally necessary to liquidate as soon as possible this last remnant of the tragic past. This is demanded by the interest of cooperation between our two countries".

We recall the preamble of the London agreement which states that the purpose of this agreement is to „remove every obstacle for normal economic relations between the Federal German Republic and other countries... that count should be taken of the relative interests of creditors, of the nature of the claims etc.".

The course of the negotiations conducted so far and their breaking off are in contradiction with this preamble. In the meantime we have learnt from Bonn that in the opinion of the German side, what is involved is not a break but only a temporary postponing of these talks. We hope, believing in the truth of these words, that the negotiations when resumed at a higher level, will result in an agreement in the interests of both sides.

TURKO — YUGOSLAV FRIENDSHIP

F. K. Gökay

VALI OF ISTANBUL

The strengthening of the friendship between Turkey and Yugoslavia leads to new successes every day. The statements made by the Heads of the two States, during their mutual visits show that the friendship binding the two nations together goes far beyond protocol and purely political concepts.

This friendship, in its present aspect, becomes of particular importance for the Balkans and for the Western Democratic World.

On the day when the Balkan Pact was signed, I was in Canada. I was asked then to tell what I thought of the event. In an interview which I gave to the daily newspaper „La Presse", I explained the motives behind this realistic and humanitarian policy, trying to analyze the broad views of His Excellency Marshal Tito.

This warm and sincere friendship, which governs the relations between the distinguished President of our Republic and the distinguished Head of the Yugoslav State, has closely linked the already existing feelings of brotherhood felt by our two nations.

I have a renewed feeling of happiness when I see that our relations based on a close co-operation in many fields, including the cultural, scientific, economic and other fields, are constantly improving. I am glad to be able to stress this fact on the eve of this new year, 1955.

NORMALIZATION OF LEGAL RELATIONS BETWEEN YUGOSLAVIA AND AUSTRIA

By Milan Bartoš

STATE COUNSELLOR FOR FOREIGN AFFAIRS

TALKS on the so-called pending questions between the Austrian and Yugoslav Government were held in Vienna between representatives of these two countries from November 10 to December 17. Three such questions require particular attention.

In the first place, Austria was not entitled so far to allow the establishment of consulates on her territory. The Allies left this problem to be settled later on, and adopted a temporary solution by creating Liaison Offices which represent the diplomatic dependencies of the Embassies in Vienna at the individual provincial governments.

On the other hand, many countries, including Yugoslavia, regardless of the foregoing, recognize the right of Austria to open consulates on their territory. The decision of the two governments to conclude a consular convention clearly reflects the aspirations of Austria to maintain consulates abroad and permit the opening of consulates on her territory, as well as the unequivocal recognition by Yugoslavia of Austria's equal rights in this respect. It so happened that the Austro-Yugoslav consular convention is the first convention of this kind to be concluded by both Yugoslavia and Austria in the post-war period. It can also be said in this connexion that the convention presents a new aspect. It shows what Austria can sanction by the consular convention and at the same time represents a kind of precise edition of the former Yugoslav consular conventions.

Yugoslavia inherited from old Yugoslavia a series of contracts the validity of which it does not deny. These contracts also include consular conventions with most countries. However objections have been voiced on the Yugoslav side to the effect that it is impossible to carry them out fully due to changed conditions. Now, by the conclusion of a consular convention with a friendly country, Yugoslavia has indicated the extent to which she recognizes the application of consular conventions, while at the same time adjusting the latter to the new circumstances. In this way, when it comes in force, the Austro-Yugoslav consular convention will clearly show the world how Yugoslavia conceives the new consular relations based on equal rights and adapted to the new social system. It is very likely that this convention will also be interpreted as a model for the concluding of new consular conventions also on the Austrian side. Hence it is no wonder that so much time and effort has been spent both on the Austrian and the Yugoslav side to draw up a new type of consular convention, and we can say, together with the chief of the Austrian delegation, Dr. Verost, Minister Plenipotentiary that this consular convention represents a new feature in international law, and that we hope it will have a permanent place in the development of international law.

As for the contents of the convention, it is important to stress that career consuls are invested with extremely broad powers which greatly exceed those foreseen by the former conventions. As for honorary consuls, the convention stipulates that these can only be citizens of the two contracting countries and not of third powers. Particular attention was devoted to the competence and rights of consuls to represent physical and legal subjects of the country which appointed them. In this respect the classical American formula was adopted i. e. that a consul is considered the protector of all citizens of his country who are absent or otherwise unable to protect their rights, as long as these persons do not appear themselves or name another representative.

The questions of inheritance and consular intervention when it becomes necessary to resort to legal measures etc., were also dealt with in detail.

The second convention covers the agreement on the legal cooperation of tribunals and authorities of the two countries. This convention is also historically important because this is the first time that such a convention is concluded between a socialist country and a capitalist country and regulates cooperation between the two countries in detail, in spite of their different social systems. It was therefore necessary to previously examine the differences in the legislations and to confine cooperation to the extent possible, while at the same time taking full advantage of all the existing possibilities. This is not just empty talk on the coexistence of two systems, but their active cooperation. It was not necessary for the Austrian or Yugoslav jurists to persuade each other that such cooperation is possible. They were well aware of the fact, and went a step further. They directed their efforts towards determining the extent to and conditions under which cooperation is necessary. We are glad to note that no obstacles were encountered in most cases. In the first place, legal protection to citizens of both countries under the same conditions as native inhabitants has been mutually guaranteed. Under the same conditions they are also entitled to the rights of the poor, free legal assistance, the right to appear in court, to right to have interpreters etc. Furthermore, with the reservation concerning public order, the courts of one country will extend every possible assistance in civil and commercial matters to applicants from other country as their own. In case the court finds that the public order of one country differs from that of the other, it must carefully examine the case and state so clearly in its ruling.

The question of forwarding legal documents has also been settled. The courts of one country will forward legal documents to courts of the other country on their territory. The same principles also apply to criminal law. The courts of one country will comply with the request of criminal courts of the other country to examine witnesses on their territory, except if political or fiscal criminal acts are involved.

As for military criminal offences the old criterion that a military offence is that committed by a military person has been rejected, and replaced by the definition that a pure military offence „is that which is directly connected with the military system and military discipline in one of the countries”.

The fact that the courts of one country may examine, at the request of the courts of the other country their own citizens as accused if they have committed an offence abroad, although the latter may oppose this interrogation, is also a new feature of the convention. In this way citizens held in suspicion who wish to clear themselves before the courts of the other country will be given possibility of defending themselves from their own country, thus avoiding trial abroad without previous examination.

The new provisions on witnesses are also of interest. If a court of one country summons persons living in the other country as witnesses, and the latter comply with the summons, they are guaranteed that the country which invited them will not call them to account for any act they may have committed before appearing on the witness stand and enable their safe return to the country from which they came. This is very important, as it enables witnesses from one country to appear in courts of the other in order to give needed evidence.

It is also important that an exchange of information from the criminal register will be carried out regularly between the two countries, and that one country will hand over corpora delicti to the other. Thus full cooperation in the criminal service has been achieved.

The question of inheritance laws has also been examined in detail. Facilities have been provided for the easy transfer of the personal estate of a citizen of one country to the territory of the other, if his heirs are living in the country of origin. This measure has greatly facilitated the problems created by social emigration and enables the prompt liquidation of inheritance problems.

Particular attention has been devoted to questions relating to the exchange of excerpts from the civil registers, as regards births, marriages and deaths, if the event registered concerns citizens of one country on the territory of the other. All this shows that the convention has a purely practical character and that it is based on the permanent and everyday economic and social relations inherited and which prevail between the two countries.

It is extremely characteristic that the Austrian Government has recognized the Yugoslav economic courts as regular tribunals and that the latter have been included in the convention as regular courts. In our opinion, many people who speak eloquently of coexistence between two different systems, would do well if they would, in their mutual relations, start from the simple truth that such coexistence already exists, and if they would approach the quest for those fields in which coexistence could best be realized. Perhaps this convention will show them the way.

The agreement on the frontier sector of the Mura river is another aspect of mutual cooperation. In future all hydrotechnical problems as well as those relating to the regulation of this river, flood and ice control, will be discussed by a permanent mixed technical commission which will be formed on a parity basis and to which the two Governments will transfer joint competence for the settlement of these problems. The agreement also precisely determines the manner in which mutual warnings will be given in case of danger, the joint execution of works as well as the necessary facilities for their execution. The Austrians are particularly satisfied that the regulation of the Mura tributary Kucnica, which causes severe damage to Austrian farmers every year, has also been settled in this way while satisfaction has been expressed on the Yugoslav side in connexion with the impending regulation of the Austrian river Lednica which has also damaged crops of the Yugoslav peasants.

The agreement on tourist bus lines is of no lesser importance. It contemplates the possibility for both countries to open tourist lines which would link the main urban centres of one country with the principal tourist centres of the other. The advantage of tourist bus traffic is that all

tourist resorts do not have direct railway communications, and because it is impossible to arrange the railway time table so as to enable tourists to stay in a certain place long enough for sight-seeing, nor can the railways organize special tourist visits in certain days or on certain festive occasions.

A permanent mixed bus commission has been set up which will deal with the establishment of these lines, their time tables and tariffs. Individual routes have not been determined so far, although they have been discussed. Most lines should connect the principal Austrian cities with the Adriatic coast. But there are also other significant routes as the Vienna—Belgrade line for instance, and the line which would connect Eisenstadt, the capital of Burgenland, with Zagreb. This line is required by the Burgenland Croats, who are Austrian citizens and who wish for a convenient and quick connection with their cultural centre. It is interesting that the Austrians propose several lines each of which would link Vienna, Graz, Innsbruck, Salzburg and Celovac with the Yugoslav coast.

The temporary veterinary convention also aroused keen interest. In the post-war period Austria did not have a veterinary convention with any country. However, as Austria is a transit country for our livestock and related products on their way to Western countries, Yugoslavia is also a transit country for Austrian breeding livestock exported to the Near East. Consequently the carefully elaborated provisions on veterinary service abolish the system of unilateral control as henceforward every suspicious case will be examined by both frontier veterinary surgeons.

Although the aim of these talks was to solve problems which also previously appeared in the relations between the two countries, a new convention was concluded at the same time which is new in every respect. This is the film convention which regulates the joint production and shooting of movies, particularly the activities of the Austrian film companies in Yugoslavia, especially on the seaside with the cooperation of Yugoslav film companies and artists.

We are glad that these conventions were concluded not only because they normalize the relations between Yugoslavia and Austria, but because they serve as a proof that all outstanding questions can and must be solved by mutual goodwill. Each of these conventions had supporters and opponents of both sides. Usually everyone wanted to take but not to give. Mutual cooperation means the achievement of mutual interests. The coordination of mutual interests yields not only formal success, but such a success as the common interest will safeguard and protect. Therefore compromise in these matters if reasonable and in favour of mutual interests, is a constructive element which actually permeated the entire atmosphere of the talks held with Austria in Vienna.

THE ECONOMIC COOPERATION BETWEEN ITALY AND YUGOSLAVIA

By Dr Stane Pavlič

COUNSELLOR OF THE STATE SECRETARIAT
FOR FOREIGN AFFAIRS

THE settlement of the Trieste question has opened a new epoch in the relations between Yugoslavia and Italy in general, and in the first place in their economic relations. The need for the expansion of economic relations was emphasized in the statements made by responsible statesmen in both countries. The economic links of Yugoslavia and Italy are best evidenced by the fact that even in the period of general tension between the two countries due to the unsolved Trieste question, it was impossible to break off mutual business, economic ties. Despite the obstacles created by the Italian administration, Italy regularly took the third or fourth place in her trade with Yugoslavia. Exactly 13 per cent of our total exports went last year to Italy, while in the same period Italy participated 8 per cent in our imports.

In November and December two Italian delegations visited Belgrade. The first delegation ended its work on December 18 by signing an agreement which definitely regulates the reciprocal obligations of economic and financial character between Italy and Yugoslavia, based on the Peace Treaty and on subsequent agreements.

The second delegation, which examined general economic questions, suspended its work because of the forthcoming holidays after signing a special record of the agreements reached to date on matters of principle, which are to regulate both the scope and forms of the future economic cooperation between the two countries.

The financial agreement of December 18 has made it possible in a relatively short time, to solve in a spirit of mutual understanding, all moot financial and property

questions which had been the subject of constant disagreements and mistrust between the two countries. Herein lies the real value of this agreement, as all obstacles which have until recently checked the wider economic cooperation demanded by the economic interests of the two countries, have been removed. With the exception of a single question which concerns part of the free assets of those who opted for Italy, all moot questions — 21 legal categories — which are connected with reciprocal claims and obligations, have been regulated in a spirit of agreement between the two sides.

The most important among these are the following:

— The question of Italian property either on the Yugoslav pre-war territory or in the area attached to Yugoslavia after the war, which was subjected to nationalization, confiscation, land reform or any other administrative measure of the Yugoslav legislation. This category also includes the Trieste property situated on the same Yugoslav territory.

Also regulated was the question of the rights of those citizens who have chosen Italy as regards property situated on Yugoslav territory, but only when such option has been recognized by both Governments. As an exception, steps will be taken for the separate examination of the question of the property of those citizens who have chosen Italian citizenship and have failed by October 5 1954 to present a „statement of sale”, who i.e. did not agree with the sale of their property. A wish has been expressed, on both sides, that this last disputed question be settled in the shortest possible time.

All pre-war obligations under the Italo-Yugoslav clearing and all pre-war obligations concerning railways and PTT have been regulated.

Also regulated was the problem of property and rights which were a subject of discussion between the Yugoslav and Italian delegations, and which were covered by the agreement of 23rd May 1949. The Italian Government undertakes not to support the claims for compensation of persons whose choice of Italian citizenship has not been recognized by the two Governments, although these persons would become Italian citizens.

The claims of Italian private persons, enterprises and banks towards private and legal persons on the ceded territory have also been regulated.

The obligations arising from army and civilian pensions of persons residing on the ceded territory as well as the social insurance of persons on the same territory have been regulated.

Most important, the question of the reparations which we claimed from Italy under the Peace Treaty, has also been definitely settled.

The mutual claims in connection with the return of railway wagons, the seizure of Italian ships etc, have been removed from the agenda.

The final result of the liquidation of all these mutual claims and obligations is that the Italian Government undertakes to pay the Yugoslav Government an amount of 30,000,000 dollars in three equal instalments, within a period of three years. The Yugoslav Government may use this amount to pay for its purchases from Italian industry. A special protocol on the utilization of this amount of 30 million dollars provides that Yugoslavia will be able to order in Italy, immediately, three thermal power stations (each of 60 MW), equipment for a hydro-power station, equipment for long-distance mains and transformer stations, additional parts for the production of automobiles as well as various raw materials and semi-manufactured goods.

The placing of these orders with the Italian industry will lead to a further expansion of business ties and the linking of the economies of the two countries. The same significance is attached to deliveries to be made by the Yugoslav economy with a view to reintegration of raw materials which will be needed for the production of the above mentioned equipment.

The results of the negotiations undertaken with the delegation entrusted with the general economic questions were significant. The work of this delegation was facilitated by the fact that it arrived in this country after the visit of the Italian Minister of Foreign Trade, Mr. Martinielli, with whom the basic ideas regarding the future economic cooperation had already been exchanged. It was agreed that the resumption of negotiations between the two delegations in Rome in mid-January will see the agreement on a convention on trade and navigation, as the previous Convention concluded in Rome in 1947, is expiring at the end of December 1954. The existing annual commercial and payment agreement is expiring at the same

time. Therefore the two delegations have agreed to take immediate steps for the conclusion of a new regular trade and payment agreement. However, more important for future cooperation than these instruments is the decision of the governments of the two countries to prepare a special agreement on economic cooperation. This agreement is to embrace also those forms of economic cooperation which have not existed so far in mutual economic contacts. This primarily applies to the defining of principles and forms of technical cooperation. Vast possibilities exist for complementing the industries of the two countries both in the purchase and use of licences and in the use of technical assistance, and also regarding the mutual complementing of industries in the process of production.

Within the framework of this agreement on economic cooperation, possibilities will be examined for a concrete engagement of credits which the Italian economy is willing to extend to the Yugoslav industry. There is in Italian economic circles considerable interest for giving credit facilities. According to existing regulations the Italian industry may grant credits with the guarantee of the Italian State, for periods up to eight years. There is interest for engaging these credits also on the Yugoslav side. But this interest is limited by the existing Yugoslav obligations regarding the engagement of new credits, difficulties in payment balances and primarily the lack of funds in dinars for new investment works in our country. However, if the Italian industry and banks could provide credits on particularly favourable conditions, both as regards terms of payment and interest rates, as well as other conditions, it might, of course, lead to an exchange of goods between the two countries also on the lines of credit operations. The Italian economic circles stress primarily the usefulness of such credit transactions with a view to developing those economic branches which would also be of interest to the Italian economy. Such concrete possibilities exist. The latest numerous contacts established between the representatives of the Italian and Yugoslav industries on the occasion of the visit of Italian industrialists to our country, have shown that there exist a series of opportunities whose realization would be beneficial for both countries.

In the framework of this agreement on economic cooperation the two sides will consider possibilities for cooperation in other sectors of economic life as well, primarily in regard to all kinds of transport, tourism etc.

The question of fisheries is a special case. Whereas the Italian side is emphasizing the special interest for the conclusion of a new agreement on fisheries on the Adriatic, the Yugoslav side considers that there is no possibility to renew the former agreement on fisheries. Nonetheless, it would be necessary to find a solution which would in the future prevent such difficulties as are now cropping up because this question is still unsettled. It will be in the interest of joint cooperation to find a solution which will not be a source of obstacles in the future between the two countries.

In the network of economic problems on the agenda between the two countries, it is necessary to mention the negotiations on the conclusion of an agreement on the local border traffic. Under this agreement it will be necessary to regulate the local traffic which is necessarily connected with the traffic of persons residing in the border area. Negotiations are already under way.

Outside these talks it will also be necessary to examine the question of regional agreements. Since 1949 there has existed a special, so-called Gorizia agreement, which was concluded with the approval of the competent bodies between the Gorizia Chamber on the one hand and the Ljubljana Chamber on the other. Besides the renewal, that is the revision of this Gorizia local agreement, it will also be necessary to settle the question of a similar agreement with the Trieste Chamber. In the framework of these agreements it would be necessary to discover those elastic forms of goods exchange which would take into account the economic interests of all these parts which are actually linked together, and which are now separated by the State frontiers.

The forthcoming conference on the utilization of the Trieste port, in which, according to the London agreement, all countries concerned are to take part, will also settle shortly this important question of the Yugoslav foreign trade.

With all these agreements of an economic character, the constructive policy of the Yugoslav Government has scored a significant success and thus again confirmed its resolve for the further „rapprochement” and understanding with neighbouring Italy.

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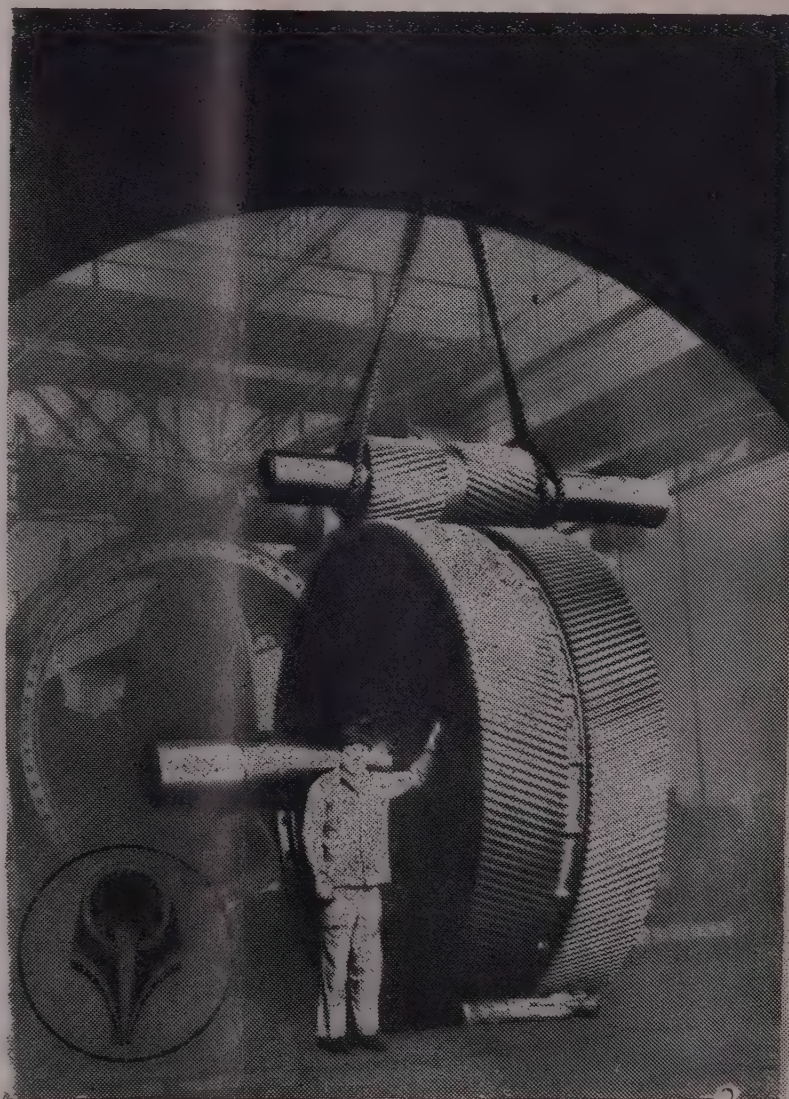
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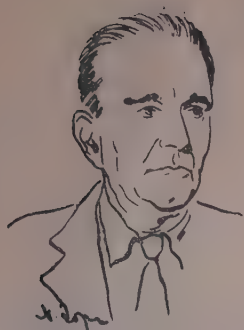
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L I T O S T R O J — L J U B L J A N A



A YEAR'S WORK OF THE FEDERAL PEOPLE'S ASSEMBLY

By Vladimir Simić

VICE-PRESIDENT OF THE FEDERAL PEOPLE'S ASSEMBLY

WHAT, among other things, characterized the constitutional reform carried out in January 1953, was the considerable interest shown by the broad Yugoslav public both in regard to the motives which inspired this reform and the actual results which are expected from it in future. It was quite justifiably believed that a kind of turning-point was involved here, something new and significant, something that was essentially linked with the changes which have already occurred in our economic system, in our social and economic structure.

Looking back, after a year's work of the Federal People's Assembly, which was elected on the basis of the new electoral system with a composition as provided in the Constitutional Law (with the Council of Producers), as well as after the election campaign which not only strongly emphasized the new role of the People's Assembly but also the entirely new and altered role of the people's deputies — it could not be said, at first sight at least, that the predictions and expectations of which so much has been said previously, have been realized to any great extent.

What could be said in support of this conclusion — even though it be cursory? Certain facts and particulars must be borne in mind when considering this matter. Thus, for example, in one year of existence, the Federal People's Assembly was actually in session off and on, for twenty five days in all, although according to the Constitutional Law it should be in constant session, except during the summer vacation. During this time, in addition to other acts, (examination of credentials, adoption of the rules of procedure, ratifications and various decisions), the laws which were passed (totalling about thirty) include only three of those which, among a series of others, were envisaged in the „Federal Law Preparation Plan” (published in the daily press) and which should have been passed in 1954. In contrast to the above mentioned, this comparatively short period saw steps being taken three times in succession for amendments and additions to the Constitutional Law. The Assembly commissions adopted their rules of procedure, but did not submit them to the Plenum of the Chambers for confirmation, waiting to subject their methods of work and procedure to the guidance of experience which was inevitably coming and then to set them finally after revision and adaptation to new conditions. The basic postulate of this constitutional reform, namely, that the political gravity in the further development and building of socialist social relations is transferred to the Assembly has been more slowly implemented in practice. Whereas formerly the passing of laws involved a rapid procedure, owing to which the role of the Assembly committees was often reduced to the approval of legal proposals, it seemed now that the other extreme was advocated and that they were even to be given some of the functions of executive bodies. Actually the basic change was to be in that the Assembly committees should be initiated as much as possible in the problems of economy and basic development; that is why it is understandable that one year is not too long a time for finding new ways and methods of work and for achieving these aims.

That is why the work at Assembly plenaries in the course of this year could not offer a different picture than was obtained on previous occasions. It was wrong to expect that in the mechanism of legislative functions the Assembly plenary meetings would be much livelier, provide more scope for discussion, amendments and even outvoting. On the contrary, the more the Assembly committees were engaged in that function, the more were the possibilities for discussion, amendments and livelier work

in plenary exhausted. The main characteristic of the work of Assembly committees in this period was precisely that they not only made a full examination of legal proposals, both in substance and in detail, but also took legislative initiative, as the Federal Executive Council did not as a rule send them legal proposals, but draft legal proposals with a special note to say that the Federal Executive Council had not definitely adopted them. What does this mean and where does this lead to? This means that the Assembly committees, even when they have adopted such a draft as basis for their examination, actually are free to decide on everything, including the political lines of the law in question; and it leads to a situation in which they are the bodies which submit the draft laws for decision by the Assembly. Thus the legislative initiative of the Committee comes into being, while the legislative initiative of the Federal Executive Council disappears, or is at least reduced. However, there is no trace of this either in the letter or sense of our constitutional order, so it is clear that such methods of work, should they take root, would lead astray. Besides, it means confusing the conception of political responsibility, which is borne and should be borne by the Government for the general policy of the country — in our case the Federal Executive Council. And finally, it does not mean achieving a greater degree of democratism when the bodies of State administration do not fulfil their mandate or only partially fulfil, or transfer to other bodies; on the contrary, this is done when they fulfil it in full and, if there is a parallelism of functions, when they achieve the greatest possible degree of cooperation, understanding and realization of uniform conceptions. Herein lies the idea of constitutional reform — to engage the Assembly committees as much as possible in work on problems of State and social life, and especially to initiate them in the problems of economy and basic building, and to see to the discovery of such methods of work and procedure on the basis of which cooperation, understanding and achievement of uniform conceptions will find the greatest possible expression in the basic lines of general policy.

As regards liveliness and dynamics in Assembly work at the plenary meetings, quite different circumstances and factors are of importance. This depends primarily on the people's deputies themselves. The more they exercise the rights which have been recognized to them, the more will the constitutional reforms obtain expression in this regard too. Thus, for instance, last year there were no reports by people's deputies on the life and situation in their constituencies, which is mentioned in the Law on election and recall of federal people's deputies, while the number of deputies' questions and interpellations was very limited. However last year, a whole series of problems, called for such questions and interpellations, for example the question of prices, conjuncture profits, payment system, standard of living etc. Also the Federal Executive Council failed to prepare enough reports on questions from various spheres of the state and social life, although these are, besides the deputies' questions, the most urgent and appropriate motives for constructive discussions at the Assembly plenary meetings, as well as the most authentic sources for the regular informing of the people's deputies.

A NEW PHASE IN THE DEVELOPMENT OF THE SOCIAL INSURANCE SYSTEM

By Ing. Gustav Vlahov

THE Law of the Health Insurance plan for workers, clerks and their families, which was enacted by the Federal People's Assembly in November this year, is the first of a series of new acts regulating social insurance and public health. The progressive passing of laws concerning the main branches of social security is to bring the system of social insurance in full conformity with, and complete our social and economic development. The new laws will eliminate a series of factors which existed in the previous system, and had consequences which were not only in contradiction with the measures undertaken in other fields of our development, but which often had a contrary effect, acting as a sort of barrier, particularly as regards the increase of the productivity of labour and the improvement of the efficiency of medical services and health protections.

Considered from this viewpoint the new law is of considerable importance, because the main principle underlying its provisions will increase and stimulate the interest of all factors concerned in social insurance institutes, working collectives of enterprises and administrative services, as well as each individual worker — to ensure a better and more effective functioning of medical services.

The obligation of economic and other organizations to compensate workers and clerks for the loss of wages during the first seven days of their absence from work will, no doubt, have more and more influence on the effort and struggle of the working collectives for the improvement of labour conditions in enterprises and for the elimination of the causes of illness. It will, likewise, make them exert greater efforts to ensure a quicker and more effective treatment of the sick, and to remove the shortcomings in medical services which might unduly prolong the treatment, this keeping the insured persons from work longer than it is really necessary. The working collectives themselves are primarily interested in this, and the economic enterprises will, undoubtedly, gradually begin to make greater contributions towards this end. For any funds that might be spent for the purpose of eliminating shortcomings in medical services will be doubly repaid through the reduction of the production costs and through the increase of the productivity of labour.

So far, persons insured under the social insurance scheme were entitled to medical care and to full compensation of wages during illness. What is more, in certain cases when the enterprises paid wages lower than the amounts provided for by the tariff regulations, the workers who were on sick leave received, instead of their salary, more

money than they would have really earned if they had been working. Such anomalies had a negative influence on the discipline of work. There were instances where workers asked for sick leave when they were not really sick; that increased the social insurance expenditures, and reduced the number of workers of the enterprises as well as their total income. Such a situation was in contradiction with our economic development and with the interest of the enterprises themselves and their working collectives. It is for these reasons that the new law repeals the principle of equivalence and provides for differential compensations, the amount of which depends on the duration and character of a worker's illness, the length of his service, the number of his dependents, etc. Such compensation is computed on the basis of the real income of the individual concerned during a certain period.

Furthermore, the social insurance institutes will be in a better position to exert a direct influence on the development of health services and to promote a more active expansion of prophylactic measures, not only because they finance such services, but also because they are authorized to control all measures connected with the welfare of the insured persons. The possibility of allocating funds for preventive medical action opens new prospects for the activities of social insurance institutes in the field of public health.

Considering the present number of insured persons and the principle of the new law, under which agricultural producers, too, will be included in the social security scheme (although at present on a limited scale, in relation to the contribution they make), we may say that the health insurance scheme covers practically the entire population. Under such conditions the social insurance institutes, which have a number of other functions, such as granting children's allowances, protective pensions, grants to those receiving insufficient pensions and the like, become not only important factors in the protection of public health, but also organs which may gradually develop and expand the network of health institutions, improve their services and introduce new forms in their work. The aim of the social insurance institutes is to help the medical services achieve the best possible results in the protection of public health, and so decrease public expenditures in this field.

The Law on Health Insurance is the first act in the expansion of the social insurance system. It will be followed by other laws, and we may hope that we will soon have a completely developed social insurance system which will be in harmony with our entire social and economic development.



AGRICULTURE IN 1954

By Milun Ivanović

STATE COUNSELLOR OF THE FEDERAL INSTITUTION FOR
ECONOMIC PLANNING

THE transition from the administrative system of economic management to the free play of market laws had a great influence on the development of agriculture also. Many sound tendencies were manifested in this field which were impeded, however, by the decline of production caused by unfavourable weather conditions. If the development of agriculture is considered as a whole since the abolishment of administrative measures, we must note that there were two bad crop years during this three-year period which inevitably exerted an adverse influence on the entire trend of agricultural production. In spite of these circumstances, one can discern certain definite tendencies and their development.

Volume of Output in 1954

The volume of agricultural production this year was notably below average. This decline was particularly severe as regards the output of cereals. The following survey illustrates this year's farm production:

	(in millions of dinars)		
	1953	1954	Index number 1953=100
Over-all agricultural output	517,718	443,385	86
1) soil cultivation	274,639	204,660	75
a. cereals	161,902	100,182	62
b. industrial crops	21,084	20,383	97
c. vegetables	45,902	40,265	88
d. fodder crops	45,751	43,830	96
2) fruit-growing	25,051	18,235	73
3) viniculture	25,247	19,675	78
4) stock farming	145,937	162,075	111
5) fishing	1,905	1,760	92
6) home processing	44,938	36,530	81

A comparatively good harvest was registered in 1953; therefore, considered as a whole, the decline in agricultural output does not seem great. However, with the exception of stock farming which increased notably this year, production in all other sectors dropped by 25% as compared to the previous year. In view of the fact that grain, particularly wheat and maize (corn) which still represent the staple agricultural products in our country (as can be seen from the foregoing survey) declined by 38% as compared to last year's level and were 30% lower than average, it is understandable that this year's low yield of cereals had an adverse effect on our entire economy.

The foregoing survey showed the total volume of production per groups and branches. However the state of agricultural output in our country is best illustrated by the following comparative survey with last year's quantitative output of individual articles.

	(in thousands of tons)		
	1953	1954	index 1953=100
Wheat and rye	2,815	1,565	56
Maize (corn)	3,831	2,990	78
Rice	16	26	167
Hemp	220	276	125
Sugar beet	1,514	1,205	80
Sunflower	113	134	119
Tobacco	90	28	95
Cotton	3	5	165
Potatoes	2,044	1,800	88

Beans	150	159	106
Apples	185	150	81
Plums	1,022	450	44
Grapes	836	450	54
Cattle for slaughter	160	210	131
Pigs for slaughter	310	360	116
Eggs (in millions)	950	1,100	116
Wine	376	260	65
Olive oil	1	5	577

As can be seen, cereals in general and wheat and rye in particular were fatally affected. The causes of so severe a production decline lie in the very bad conditions of autumn sowing in 1953. The weather conditions were most unfavourable at the time when cereals were ripening, causing a disastrous decline in production. The yield of wheat and rye reached its lowest post-war level this year. The yields of other crops were also lower than average, but not to such an extent as the crops which had been sown in autumn.

The foregoing survey shows an appreciable increase in the output of hemp, rice, cotton and sunflower. This upward trend is not a result of any particularly favourable conditions this year, but of increased sown surfaces. A production increase of all fodder crops has likewise been noted this year, the latter being due to the tendency of the agricultural producers to raise livestock reserves during the several good crop years, as well as the beginning of the efforts made towards a greater productivity in stock farming.

Such a trend in agricultural production was also reflected on the market surpluses and the supply of the agricultural market. Owing to the fact that our agricultural production is predominantly based on the small-goods producer, the present decline of the output has a far greater influence on the market than is the case in the developed countries where almost the entire agricultural output is also market production. This means that the subsistence character of our agricultural production, particularly as regards cereals, has a far greater influence on market supplies than in other countries.

Yugoslavia had about 840,000 tons of wheat and rye market surpluses last year. Of this about 790,000 tons were purchased by the State trade network. This year's market surplus will total only 270,000 tons. Contrary to this rapid decline of the home wheat resources, the demand sharply increased. The annual population increase amounts to approximately 250,000 persons. Moreover, the index of newly employed persons in economy amounted to 145,000 during the first nine months of 1954, which indicates that the flow of rural population to the urban industrial centres is still quite intensive. Whole regions which were formerly self-sufficient were left without adequate food supplies. The deficient areas are also stronger consumers this year than was formerly the case. Consequently about 1,500,000 to 1,600,000 tons of wheat will be necessary to ensure adequate food supplies for the urban and other population. Actually this implies that 1,300,000 tons of wheat should be imported during this fiscal year if home requirements are to be met.

Such a situation imposes yet another burden on the already negative balance of payments.

Trends of Agricultural Production

As compared to last year, the tendencies marked by the development of sown surfaces revealed the following changes:

Type of crop	1953	(in thousands of hectares)			
		%	1954	%	index 1953=100
Total sown surface	6,667	100	6,708	100	102
Cereals	5,373	80,6	5,369	80,1	100
Industrial crops	321	4,8	363	5,4	113
Vegetables	436	6,5	438	6,5	101
Fodder crops	537	8,1	538	8,0	100

The 2% increase of sown surfaces undoubtedly reveals a positive tendency, all the more so as the conditions of Autumn sowing were extremely unfavourable, so that the surfaces sown were 2% lower than last year, while Spring sowing increased appreciably. As can be seen the expansion of sown surfaces primarily aimed at the increase of surfaces under industrial and some vegetable crops. The tendency to develop the cultivation of industrial crops and promote market production is also obvious. There are no vital changes in the structure of sowing in our country. The tendency to use 80% of the sown surfaces for cereals remained unchanged. The output of fodder crops is almost stagnating, this being partly due to the reorganization of peasant work cooperatives, so that it is difficult to give comparable production figures in this branch. It is also a fact that no major headway has been made since last year as regards the introduction of up-to-date crop rotation techniques. However, in spite of this circumstance, significant results were achieved in the introduction of modern agrotechnical measures, due to the increased interest of the producers. The sale and consumption of selected seeds increased notably. All the available quantities of seeds at the disposal of the consumers were sold. This also created a new problem: how to ensure sufficient quantities of all crop seeds; this problem will receive careful attention next year.

The second important factor in this respect is the increased use of artificial fertilizer. While 108,000 tons of artificial fertilizer were imported and manufactured in the country in 1953, this quantity rose to 240 000 tons this year. Under the assumption that carry-over stocks remained the same, consumption rose by 122%, i.e. more than double. Consumption of artificial fertilizer rose particularly in the autumn season after the experience gained by this year's harvest, as the yields obtained with the use of artificial fertilizer was not used. There were also cases where wheat yields amounted to 8 m.c. per hectare (without artificial fertilizer) while rising to 17 m.c./ha on those fields where fertilizer was used, under similar soil conditions, with the same seeds, term of sowing and other methods of cultivation. The practical results obtained through the use of artificial fertilizer have opened the way for this agricultural technique in our country and created the problem of ensuring adequate supplies to meet the growing demand of domestic consumers. Another reason for the rapid increase in the consumption of artificial fertilizer should be sought in the policy of subsidized fertilizer prices pursued by the Yugoslav Government during the past three years. About 3.100 million dinars were paid out of the budget for such purpose until November 1954.

The obvious tendency of the peasants towards ever greater investments in stock farming as well as the cashing of crop products through stock farming could be clearly discerned this year. This had an immediate effect on the agricultural market, where the supply of livestock and livestock products rose, while that of fodder, maize (corn) barley, oats etc. declined. The quantities of livestock slaughtered during the first nine months of 1954 and the estimates for the next three months in the public slaughterhouses yield the following figures:

Type of livestock	1953	(in thousands of heads)		
		1954	index 1953=100	
Slaughtered cattle	581	829	142	
" sheep	1,323	1,491	112	
" pigs	620	1,098	177	

As can be seen, the substantial increase registered this year shows that it is more profitable for the farmers to cash in their products through livestock. Besides, from the standpoint of raising the national income, this tendency is entirely positive. The reorientation of the agri-

cultural producers towards stock farming also changed the structure of agricultural exports to a large extent. Exports of livestock and livestock products in 1953 and 1954 showed the following tendencies:

Type of product	1953	(in millions of dinars)	
		1954	index 1953=100
Cattle and beef	1,809	3,500	194
Pigs and pork meat	417	3,450	827
Sheep and mutton	416	466	115
Poultry	291	536	184
Eggs	908	2,050	226
Total livestock farming	3,831	10,002	261

Interest for raising productivity in stock farming has increased to a great extent, so that specialized organizations for the selection of livestock and control of productivity are being created on a comparatively large scale. A significant number of local fairs and shows has been held at which the best breeders were awarded prizes, etc. The growing interest of producers was also reflected in the imports of purebred and other stock for breeding purposes. During the past two years 3.250 Yorkshire pigs were imported from Great Britain under the economic aid programmes. These pigs have already been bred and the keenest interest prevails for the sale of Yorkshire breeding stock on the livestock market. Imports of 1,300 purebred sheep from France are also currently under way for the improvement of our Merino stock and the fulfilment of the programme of the merinization of our sheep. About 350 cows and 140 bulls were imported from Switzerland, Holland and Denmark. As can be seen, in spite of the difficulties in the balance of payments, it should be expected that the agricultural organizations will require ever greater resources for the import of breeding stock, the productivity of the domestic breeds being on a comparatively low level.

Prices of Agricultural Products

According to available data on the turnover and prices of individual products, the situation in the villages is the following as compared to pre-war relations.

		1938 = 100
Index numbers of prices of agricultural products		1,604
Index numbers of industrial prices		1,754
" " " " for personal consumption		1,850
" " " " for reproduction in agriculture		1,399
" " " " for farming and services		1,456

The peasants are in a 10% more favourable exchange position than before the war, not counting taxes and the payment of debts. If these two factors were also taken into account, the situation of the peasants would be far more favourable. As can be seen from the foregoing, the prices of some industrial products are particularly favourable for agricultural producers, especially as regards agricultural machinery, artificial fertilizers, fuel and lubricants, fishing and agricultural equipment and tools etc. However, the ratio of timber and cement prices and of some other products of the iron and steel industries is not so favourable. As to the industrial branches of agricultural production the products of stock farming, viniculture, cereal growing, fishing, fruit growing, home processing, fodder and vegetable growing fetch the most favourable prices. There can be no doubt that these relations also played a significant role in the orientation of agricultural producers towards stock farming.

Needless to say, the price policy will in future be directed towards the elimination of the present disproportions between the individual branches.

It is worth mentioning in this connection that the system of contracting agricultural products has been broadened this year before the beginning of the production process. The products are contracted at somewhat more favourable prices than the current market quotations, with an interest free advance payment in seed, fertilizer and up to 30% in cash by the trade or industrial enterprise, while the agricultural producer undertakes to carry out the stipulated minimum agrotechnical measures. This system provided a very good incentive for the introduction of

better soil cultivation techniques on a large scale. Any definite appraisal would still be premature, but the first results are more than satisfactory.

Other Changes in Agriculture

The tax system was also changed in practice this year. The subjective criterion applied in tax assessment, i.e. income, was replaced by objective methods. In this way through the assessment of cadastral income the average conditions of agricultural production are taxed. Consequently tax is not levied according to the concrete yields on the individual agricultural holdings which are achieved by greater efforts, but according to the average conditions in every district. The agricultural producers welcomed the new taxation system, as it will act as a genuine stimulus for greater investment in production, both of labour and means.

The free sale and purchase of land within the limit of the fixed maximum is another important innovation introduced in 1954. In the administrative period the sale and purchase of land was sanctioned in exceptional cases by the administrative organs.

After the maximum limit of ten hectares of arable land was set for individual holdings, which can be tilled, under our conditions, without hired labour, regulations were

enacted enabling the free sale and purchase of land within this maximum. In view of the fact that the small-holding system predominates in our land structure (about 68% peasant holdings are under 5 hectares) and of the notable flow of rural population to urban industrial centres, the free traffic of land opens certain prospects for the concentration of land within the set limits.

Beside the above mentioned changes and innovations, which ensued as a result of the reorganization of peasant work cooperatives and the implementation of the Law on the Land Pool, changes in property relations also played a prominent part this year. The General Social Land Pool rose by 10% or about 260,000 hectares, the cooperative land pool dropped by 32%, or 950,000 hectares, while the private sector increased by 9% or about 920,000 hectares. This practically means that about 1,200 peasant work cooperatives were consolidated this year and based on the new management principles with a total of approximately 450,000 hectares of farmland.

Generally speaking, 1954 can be considered a year in which, — despite the substantial decline of agricultural production, — certain trends made their appearance in agriculture which mark an unmistakable tendency towards a more intensive farming, greater use of means produced by industry, increased market production and greater efforts of the agricultural producers in general towards the development of agricultural output.

YUGOSLAV ENGRAVING IN 1954

By Aleksa Čelebonović

DURING the last few years, works of Yugoslav engravers were exhibited abroad on several occasions. A collection belonging to the Foreign Cultural Relations Commission, called „100 Engravings” toured several cities in Western Germany including West Berlin. Another collection was exhibited in Buenos Aires, while the walls of the Yugoslav pavilion at the Biennale in Venice were this time exclusively hung with engravings.¹⁾ Besides, Yugoslav engravers took part in international exhibitions such as the exhibitions of „Coloured Wood Engravings” held in Lugano and London. Our engravers also exhibited their works abroad individually. It goes without saying that in the country itself exhibiting activities were more intensive and that in the main only a selection of the artistic works created in the country was exhibited abroad. We can therefore ask rightly the question whether Yugoslavia has a special tradition and cult for engraving and whether this activity has any closer Yugoslav characteristics.

It is presumed to start with that the art of engraving in Yugoslavia is not younger than that in the rest of Europe. In Serbia, for example, it is considered that the first wood engravings appeared in 1427, and it is known for certain that a team of engravers, headed by a monk, Makarije, worked at the time when a printing office was founded at Cetinje in 1494. As regards metal-engravings, some people consider that Niže Radaković, a goldsmith in Zadar, made copper engravings in the middle of the fifteenth century, somewhat earlier than his colleague in Florence, Tomaz Finiguere. Recently Dejan Medaković showed in his Doctor's thesis how engraving in Serbia, despite unfavourable historical conditions, was expressed and developed from its inception till the modern times. Nonetheless it may be said primarily for Serbia that the phenomenon of modern art, which was strongly reflected in painting since the beginning of the century, was not until quite recently, accompanied by a proportional pursuit of engraving. In Croatia and Slovenia the situation was slightly better, especially in the period between the two wars but here too, one cannot avoid the impression that engraving was considered as a poor relative of painting and sculpture. The original art of engraving (which is exclusively dealt with in this article, as differentiated from the mechanical reproduction of drawings), did not enjoy such attention of artists, public and publishers as is shown to it today.

It would be interesting to compare here the situation of even a few years ago with the present situation. When steps were taken in Ljubljana in 1950, for the first time after the war, to organize a general Yugoslav exhibition of engravings, the collected works showed a very different character than the one organized in Belgrade, with the same aim, four years later. The first was completely dominated by the Slovene artists who provided the majority of the exhibits and most lively examples of this branch of art. There were very few coloured engravings. The exhibition was for the most part retrospective in character, with works which were produced between the two wars, and finally: the realistic and visual contact with nature prevailed among the majority of the artists, along with a few expressionist contributions, mostly from the pre-war period.

At the Belgrade exhibition the general impression was quite different. The rich Slovene section did not eclipse the Croat and Serbian part of the exhibition and the latter did not create the impression of lagging behind the former, while the remaining three republics did not yet have their own representatives. Colour engravings were very frequent, while the number of works dating back to the period before the war was relatively small; very few were older than three years. The greatest difference was, however, in artistic expression, in the conceptions of individuals, in that spiritual texture which constitutes the main contents of a work of art. One had the impression that the collective artistic soul which makes up the spiritual atmosphere of a milieu, had awoken from slumber and resumed its existence through different manifestations of life: artistic thought has become clearer, emotion freer, the expression of subconscious feelings frequently very sharp, while lyricism had become more concise and more concrete. If this awakening produced a lyricism which is of a dreamlike quality rather than realistic, the reasons should be sought in the mentality of the community or, even more closely, in the strong tradition of this art.

Therefore we may speak of the rapid upward trend of engraving during the last few years. Its rise is clear, both in quantity and quality. There were, of course, excellent engravers in the past. They must be mentioned also today, all the more so as they are still actively engaged in artistic life and, which is equally important, — as the

¹⁾ This exhibition was later transferred to Brussels.

present flourishing of engraving could not be imagined without them. They were the artists who conveyed their precious experiences to the young, and tribute is primarily due to them for developing the love of their pupils for this noble branch of art. Besides, several practical initiatives helped this development. In Zagreb, the Association of Graphic Artists organized a studio for engravers where individual artists could prepare and make their prints, while an „Engravers' Collective" was formed in Belgrade. It was founded by five young artists in 1950 for the purpose of using their knowledge and abilities in the field of applied art: in advertising, illustration and in the press generally. However, others joined them very soon, and the collective became a circle of artists who practised original engraving. The original premises were turned in 1952 into an Exhibition gallery, where only engravings have been exhibited since 1953.

But the causes for this development should also be sought in some other facts. In the first place, artistic life, generally has greatly developed since 1950. After the repeated statements of a section of the public and press to the effect that art should be realistic and understandable to the people, a demand which doubtless exerted an influence on the works which were exhibited and created at that time, a period of normal relations between art and society set in. If the first situation was conditioned by revolution in the entire life, regardless of whether it was a question of art or other manifestations, this new phase is certainly a reflection of the settled life in which each activity gets its natural place.

After a certain hesitation in exhibiting, if not also in creating, the scope of the exhibiting activities lately became wider and wider and exceeded by far the pre-war framework. The new generations, trained by art academies where engraving is also taught, have directly joined artistic life and considerably strengthened it.

Although the growth of engraving after the war may be said to be world-wide, it seems to us that it is parti-

cularly evident in Yugoslavia. It should be borne in mind that the possibility for making a number of prints is much more in keeping with the material circumstances of individuals, than painting pictures which are produced as unique works. Instead of buying oil paintings or sculptures, art lovers may satisfy their needs at a much lower cost with original engravings. Emotion may be of the same intensity, with the additional charms characteristic of individual techniques in this branch of art. In Yugoslavia, where there is no longer any private wealth, this is perhaps the best way to bring original works into private homes. If it is considered that the housing problem is also acute for everybody, and that a lover of art can easily keep the finest collection of engravings between a pair of covers, then the reason why this art technique has a special mission at the present time, may be easily understood.

The opinion that engraving takes to a certain extent the place of painting, or at least adds to it, is corroborated by the above mentioned fact that it is increasingly appearing in colour. Here lithography, as a suitable method with possibilities for reproducing the soft strokes and gradations of colour, is most frequently used. On the other hand, the compensation of painting which we have mentioned, of course, with all the limitations imposed by the definite technique of engraving, but which at the same time constitutes its strength, is also shown by the inner aspirations of engravers. When examining modern Yugoslav engraving, we can consider simultaneously the problems of our painting. Purified and reduced by technical procedure to the basic accents of expression, they were often manifested very clearly. In the same way as painting, engraving today has also its post-impressionists, constructivists and neo cubists, its expressionists and surrealists, figurative and abstract. As elsewhere in the world, here too there are cases where painters practising painting parallel with engraving, gave the strongest expression of their conceptions when incising them on metal, wood or linoleum, or reduced their range of colours to the narrowly restricted number of lithographic stones.

OBSERVATIONS ON YUGOSLAVIA

By Dr. Prof. Fred Warner Neal

PRESIDENT OF THE INSTITUTE FOR INTERNATIONAL AFFAIRS, USA

IT is an honor for an American to be asked to write for a Yugoslav newspaper. And when he writes about Yugoslavia it is a great responsibility as well.

Of course, I am writing entirely as a private and unofficial observer of Yugoslavia. For me, it is the most interesting country in Europe, not only because of its great traditions—in which the Montenegrins have played such an outstanding role—but because of its contemporary political and economic experiences.

I have closely followed developments in Yugoslavia since 1946. I think it is perhaps better here to speak only of what has happened since 1948. I fully understand the emotional impact of the Informburo's Resolution on Yugoslav Communists, as well as the economic impact of the Soviet blockade that followed. I am proud that my country has assisted Yugoslavia to recover from that blow.

This is my first visit to Yugoslavia since 1950, and I am enormously impressed with the economic progress that is evident on all sides since that time. But as a political scientist I am also greatly interested in Yugoslavia's political progress. As an American, I am a democrat—in the broadest sense of the term—and a pragmatist. I have the impression that great progress is being made toward democracy and toward an objective, pragmatic approach to both internal and external problems.

In America we sometimes make the mistake of thinking that politically democratic forms are everything, without paying sufficient attention to economic democracy. I think that Yugoslavia has discovered that which because of rigid ideological blinders the other Eastern European countries have not discovered—namely, that the forms of economic democracy are not enough either, without some attention being paid to political democracy.

I am speaking here not of the forms of western-type political democracy. Yugoslavia is not the United States, for instance, and my own feeling is that it would be a mistake to try to employ all our forms here. In any event, a preoccupation with forms is dangerous. A two-party system does not insure „political democracy" any more than workers' councils insure „economic democracy." In our case, political democracy is leading all the time to more economic democracy. I think that Yugoslavia has made a significant contribution in the development of workers' councils, and producers' councils as well. I see no reason why everybody shouldn't hope that in time they will lead more and more to political democracy.

In the meantime, I agree that the first task of both economic and political organizations is to work to raise the living standard of the Yugoslav people. I suspect Mr. Vukmanović-Tempo had the right idea when he told the Montenegrin Communists that the job of the good communist today is to become a good business man.

On the other hand, this raises lots of ideological questions. One recalls that Lenin once told a Soviet delegation to an international trade conference that they should go as businessmen, not as Communists. This was in the period of the NEP. Lenin was quite clear about this. The NEP was to be only a temporary situation, to get production going again.

I have the impression that the new reforms in Yugoslavia, so far as decentralization, etc., goes, are no NEP but an entirely new structure. If decentralization is not in the nature of a NEP, then, for a nation operating according to the Marxist-Leninist dialectic, there should be an ideological justification for this policy, other than its merely

practical value. I do not imply that there is none. It is simply that I have not been informed what it is.

I have somewhat the same question in regard to agriculture, but in reverse. In 1952, I had the impression that the new collectivization policy was temporary, that it was in the nature of a NEP. I recall that Marshal Tito said that forms were not important, the important thing was to get bread, or words to that effect. He also declared that socialization of the villages remained the objective of the Party and State and that as Lenin said socialism is impossible without socialization of the countryside. This I understood. After being here now four months, however, I have the impression that the new collectivization policy is a lot more permanent than was intended. At least, I hear nothing about its temporary nature any more. Does this mean that the objective of complete socialization of the villages has been abandoned? or that Lenin's dictum about

the necessity of socializing the countryside no longer applies? I know some Yugoslavs say that by generally raising the industrial and cultural level of the country that socialization of the villages will come of its own accord.

I am sure I do not need to say to my Yugoslav friends that in raising these questions I do not intend to be critical in the least. It is simply that as a political scientist and a student of Yugoslav developments, I should like to be clear about them.

Also, it is a good thing that there are some unanswered questions. Beware of that society that thinks it has all the answers. And indeed, if there were not some unclear questions about Yugoslavia, universities might not send professors over here, and I should then be unable to visit a country for which I have the warmest feelings.

NORTH-ATLANTIC TREATY ORGANIZATION

A GENERAL STUDY OF THE ORIGIN, STRUCTURE AND DEVELOPMENT OF THE NATO

By L. Erven

IV

THE POLICY OF PREPAREDNESS AND ECONOMIC COORDINATION

ARTICLE 3 of the North Atlantic Treaty states that with the aim of implementing effectively the aims of the Treaty, the Contracting Parties shall, through individual efforts and mutual assistance, separately and jointly, maintain their individual and collective readiness to oppose armed aggression.

This provision providing for mutual assistance of the NATO Powers in increasing their defensive strength has been widely applied in practice, and it was under its influence that extensive military and economic activities were organized. Under NATO policy to increase the defensive strength does not mean only to strengthen the armed forces, armaments and military supplies, but also to further those economic fields which are linked with the defense policy of the Member States. The mutual assistance the NATO Powers are to extend to each other may, accordingly, be either of a military or of an economic character, and its purpose is both to organize their defence and to eliminate economic shortcomings, ensure the economic stability of the Member States and to coordinate their economic plans. Since the policy of mutual assistance is largely based on American help, which is conditioned by the acceptance of the general plan, the provisions of Article 3 have served as a justification for infiltrating the NATO defensive and economic concepts into the national economies of its Member States.

In view of this the original meaning of the provisions under consideration has been somewhat changed, since, under the United States Law on Mutual Assistance of 1951, the primary aim of mutual assistance was to strengthen the defensive organization of NATO as an integrated entity and not of its Member States as individual factors of joint defence.

The basic instruments of the joint economic policy, whose aim is the increasing of the defensive strength of the NATO Powers, are, on one hand, the American Law on military and other assistance, and, on the other hand, the NATO organs of economic coordination.

Article 3 of the North Atlantic Treaty is a brief clause which, as it appears, states that the NATO Powers should exert efforts and assist each other in preparing themselves for resistance against any possible aggression. It however has a deeper meaning and an actual practical significance, which can be grasped only by studying the results to which its application has led.

First of all it must be mentioned that the United States assistance to foreign countries, which is the main pillar of the Western system of collective security and also the

main factor and the material base of the North Atlantic cooperation, began, in fact, before NATO came into being, through the Marshall Plan and the Organization for European Economic Cooperation. Under subsequent American laws, this assistance was differentiated according to the fields in which it acted. There are now military, economic and other assistance, but they are all to ensure or to facilitate the attainment of the same aim, that is, increasing the defensive strength of the NATO Powers, so as to enable them to check aggression, and to consolidate their internal order. Military assistance from the very beginning contributed to the first of these aims more directly than the economic assistance extended under the original Marshall Plan which strove to realize the latter. But the Marshall Plan, the aim of which was the economic reconstruction and recovery of Europe, was to help consolidate the existing economic order in Europe, to strengthen its defence forces, necessary to resist possible aggression and to check the danger of social upheavals in Western Europe during the period of the cold war. As we have seen these same aims were included also in the preamble of the North Atlantic Treaty. To the activities that the Marshall Plan developed in the economic field, NATO added political and military activities as well. Accordingly, NATO's economic policy cannot be considered without taking in account the Marshall Plan, which, during the first two years of existence of NATO, was one of the auxiliary instruments of the general North Atlantic policy.

The Foreign Assistance Act of 1948, or the Marshall Plan, thus named after the then Minister of Foreign Affairs, was enacted before the North Atlantic Treaty but in the same period of the cold war during which NATO came into force a little later on. It became effective a little more than a year before NATO (April 3, 1948). At that time it was the first organized American action in Europe during the ideological war, which was then assuming broad proportions. That is why the Marshall Plan, although it was primarily an instrument of economic policy, advocated certain ideas which were later formulated in different forms and methods in the North Atlantic Treaty.

But although it was an instrument of economic policy, the Foreign Assistance Act had a definite and clearly defined political aim. In the section enumerating its motives, one reads that the „restoration and maintenance in the European countries of the principles of individual liberties, free institutions and true independence should be based on sound economic conditions, stable international economic relations and strong economies“. It further states that the „policy of the people of the United States supports and strengthens the principle of individual liberties, free institutions and true independence in Europe by assisting those European countries which take part in the common

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